



**CASCADE  
CHARTER TOWNSHIP  
Kent County, Michigan**

Comprehensive Annual Financial Report

For the year ended December 31, 2006

**CASCADE CHARTER TOWNSHIP**  
**Table of Contents**

For the year ended December 31, 2006

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**Financial Section**

<i>Independent Auditor's Report</i> .....	1
<i>Management's Discussion and Analysis</i> .....	3
<i>Basic Financial Statements</i> .....	11
Government-wide Financial Statements:	
Statement of Net Assets.....	12
Statement of Activities .....	13
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	16
Statement of Revenues, Expenditures and Changes in Fund Balances .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund.....	21
Fire Special Revenue Fund.....	23
Police Special Revenue Fund .....	24
Improvement Revolving Special Revenue Fund .....	25
Library Special Revenue Fund .....	26
Pathways Special Revenue Fund.....	27
Inspections Special Revenue Fund.....	28
Component Unit:	
Balance Sheet .....	29
Statement of Revenues, Expenditures and Changes in Fund Balances .....	30
Fiduciary Funds:	
Statement of Fiduciary Net Assets.....	31
Notes to Basic Financial Statements .....	32

**CASCADE CHARTER TOWNSHIP**  
**Table of Contents**

For the year ended December 31, 2006

---

*Supplemental Information*

Combining and Individual Fund Statements and Schedules:

General Fund .....	54
Comparative Balance Sheet .....	55
Comparative Schedule of Revenues .....	56
Comparative Schedule of Expenditures .....	57
Nonmajor Governmental Funds .....	59
Combining Balance Sheet .....	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	62
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Cascade Major Dam Repair Special Revenue Fund .....	64
HAZMAT Special Revenue Fund .....	65
Special Revenue Funds .....	66
Fire Special Revenue Fund:	
Comparative Balance Sheet .....	67
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	68
Police Special Revenue Fund:	
Comparative Balance Sheet .....	69
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	70
Improvement Revolving Special Revenue Fund:	
Comparative Balance Sheet .....	71
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	72
Cascade Dam Major Repair Special Revenue Fund:	
Comparative Balance Sheet .....	73
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	74
Library Special Revenue Fund:	
Comparative Balance Sheet .....	75
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	76
Pathways Special Revenue Fund:	
Comparative Balance Sheet .....	77
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	78

**CASCADE CHARTER TOWNSHIP**  
**Table of Contents**

For the year ended December 31, 2006

---

Special Revenue Funds (Continued)	
Inspections Special Revenue Fund:	
Comparative Balance Sheet.....	79
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	80
HAZMAT Special Revenue Fund:	
Comparative Balance Sheet.....	81
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	82
Debt Service Funds.....	83
Combining Balance Sheet.....	84
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances.....	86
Capital Projects Funds .....	88
Open Space Preservation Capital Projects Fund:	
Comparative Balance Sheet.....	89
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	90
Library Construction Capital Projects Fund:	
Comparative Balance Sheet.....	91
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	92
Permanent Fund.....	93
Cemetery Perpetual Care Fund:	
Comparative Balance Sheet.....	94
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances .....	95
Agency Funds .....	96
Combining Balance Sheet.....	97
Combining Schedule of Changes in Assets and Liabilities .....	98
Other Information:	
Summary of 2005 Taxes Levied and Collected.....	100

## **FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

May 11, 2007

The Township Board  
Cascade Charter Township  
Kent County, Michigan

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major funds and the aggregate remaining fund information of Cascade Charter Township (the "Township") as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the elected officials and management of the Township. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, the major funds and the aggregate remaining fund information of Cascade Charter Township as of December 31, 2006, and the respective changes in financial position and budgetary comparisons for the major governmental funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Cascade Charter Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hungerford, Aldrin, Nichols & Carter, P.C.*

Certified Public Accountants



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CASCADE CHARTER TOWNSHIP**  
**Management's Discussion and Analysis**  
**December 31, 2006**

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As management of the Cascade Charter Township ("the Township"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which immediately follow this section.

**Financial Highlights**

- The Township's net assets increased by \$2,081,888 (or 12%).
- Total expenses of the Township's programs were \$7,575,419.
- Total revenues, including all program and general revenues, were \$9,657,207.
- At the close of the current year, the Township's governmental funds reported combined ending fund balances of \$10,803,141, an increase of \$467,596 from the prior year.
- At the end of the current year, the unreserved undesignated fund balance for the General Fund was \$3,204,423, or 89 percent of total General Fund expenditures and transfers out.
- Total debt of the Township decreased by \$1,077,243 (9 percent) during the current year.
- Cascade Library Learning Center capital improvements totaling \$1.034 million were completed during 2006, funded by Township and private contributions.

**Overview of the Financial Statements**

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the Township:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *Government-wide financial statements* that provide both short-term and long-term information about the Township's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Township, reporting the Township's operations in more detail than the Government-wide statements.
  - ♦ *Governmental funds statements* tell how basic services such as township administration, public safety, library, parks and pathways, etc. were financed in the short term as well as what remains for future spending.
  - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

**CASCADE CHARTER TOWNSHIP**  
**Management's Discussion and Analysis**  
**December 31, 2006**

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**Government-wide Statements**

The Government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-wide statements report the Township's net assets, and how they have changed. Net assets - the difference between the Township's assets and liabilities - is one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Township's overall health, one should consider additional non-financial factors such as changes in the Township's property tax-base and the condition of township buildings and other facilities.

In the Government-wide financial statements, the Township's activities are presented as follows:

- *Governmental activities:* The Township's basic services are included here, such as general government, public safety, public works, recreation and cultural and other services. State revenue sharing and property taxes finance most of these activities.

**Government-Wide Financial Statements**

The Statement of Net Assets provides financial information on the Township as a whole.

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Current assets	\$ 16,089,851	\$ 15,596,277
Special assessments receivable	2,559,118	2,508,929
Capital assets	21,265,220	20,091,062
Less accumulated depreciation	<u>(4,143,271)</u>	<u>(3,446,951)</u>
Capital assets, net book value	<u>17,121,949</u>	<u>16,644,111</u>
<b>Total Assets</b>	<b><u>35,770,918</u></b>	<b><u>34,749,317</u></b>
<b>Liabilities</b>		
Current liabilities	6,361,433	6,307,549
Long-term liabilities	<u>10,252,008</u>	<u>11,366,079</u>
<b>Total Liabilities</b>	<b><u>16,613,441</u></b>	<b><u>17,673,268</u></b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	5,681,808	4,117,349
Restricted	590,518	653,109
Unrestricted	<u>12,885,151</u>	<u>12,305,231</u>
<b>Total Net Assets</b>	<b><u>\$ 19,157,477</u></b>	<b><u>\$ 17,075,689</u></b>

**CASCADE CHARTER TOWNSHIP**  
**Management's Discussion and Analysis**  
**December 31, 2006**

The Statement of Activities presents changes in net assets from operating results:

	<u>2006</u>	<u>2005</u>
<b>Program Revenues</b>		
Charges for services	\$ 2,266,828	\$ 2,545,206
Operating grant	-	19,296
<b>General Revenues</b>		
Property taxes	5,256,554	5,012,151
State/intergovernmental revenue	1,071,455	1,111,701
Interest earnings	772,302	599,345
Other	290,068	448,669
<b>Total Revenues</b>	<u>9,657,207</u>	<u>9,736,368</u>
<b>Expenses</b>		
General government	1,545,024	1,503,176
Public safety	3,568,755	3,350,276
Public works	779,743	1,347,151
Recreational and cultural	865,551	670,751
Other township	319,148	409,326
Interest on long-term debt	497,198	524,600
<b>Total Expenses</b>	<u>7,575,419</u>	<u>7,805,280</u>
Increase in net assets	2,081,788	1,931,088
<b>Net Assets - Beginning of Year</b>	<u>17,075,689</u>	<u>15,144,601</u>
<b>Net Assets - End of Year</b>	<u><u>\$ 19,157,477</u></u>	<u><u>\$ 17,075,689</u></u>

**Financial Analysis of the Township as a Whole**

The Township's financial position is the product of many factors. Growth during the year in property tax base, increased interest rates on invested balances and special assessment user fees were contributors to revenue increases. A reduction in state revenue sharing reduced anticipated state shared revenues. Total net assets increased by \$2,081,788 during the year due to these revenue factors, close budgetary control of expenses and an overall increase in capital assets, while reducing the long-term debt of the Township.

Property taxes accounted for most of the Township's revenue, contributing about 54 cents of every dollar raised; licenses, permits, connection charges and other user fees accounted for 23 percent of revenues; another 11 percent came from state and other intergovernmental sources; 8 percent came from interest earnings during the year and the remainder from contributions, reimbursements and other sources.

The Township's expenses were predominantly related to public safety (47 percent); general government administration (20 percent); public works (10 percent); and recreation and cultural (11 percent). Interest on long-term debt totaled 7 percent of expenses for the year.

**CASCADE CHARTER TOWNSHIP**  
**Management's Discussion and Analysis**  
**December 31, 2006**

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**Financial Analysis of the Township's Funds**

The fund financial statements provide more detailed information about the Township's funds, focusing on its most significant or "major" funds - not the Township as a whole. Funds are accounting devices the Township uses to keep track of specific sources of funding and spending on particular programs.

The Township utilizes two kinds of funds:

- *Governmental funds:* Most of the Township's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the Township-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds:* The Township is the trustee, or fiduciary, for assets that belong to others, such as property taxes. The Township is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and/or paid to those to whom the assets belong. The Township excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

The Township uses funds to record and analyze financial information. Cascade Charter Township's funds are described as follows:

**Major Funds**

The *General Fund* is our primary operating fund. The General Fund had total revenues of \$3,884,869, total expenditures of \$2,800,702, transfers from other funds of \$140,048 and transfers to other funds of \$791,645. It ended the fiscal year with a fund balance of \$3,255,492, up from \$2,822,922 at December 31, 2005.

The *Fire Fund* levies property taxes for fire protection services. The Fund had total revenues of \$1,793,616 and total expenditures of \$1,791,341, plus transfers for debt service of \$95,941, and transfers from the General Fund of \$400,000. It ended the year with a fund balance of \$1,007,588, up from \$701,254 at December 31, 2005.

The *Police Fund* levies property taxes for law enforcement purposes. The Fund had total revenues of \$683,494 and total expenditures of \$614,417. It ended the year with a fund balance of \$1,262,244, up from \$1,193,167 at December 31, 2005.

The *Improvement Revolving Fund* collects connection fees for sewer and water hookups to be used for the construction of extensions to the utility systems benefitting Township residents. The Fund had total revenues of \$896,335, total expenditures of \$667,092 and transfers out for debt service of \$17,373. It ended the year with a fund balance of \$2,351,531, up from \$2,139,661 at December 31, 2005.

The *Library Fund* levies property taxes for library building operations and capital improvements. The Fund does not pay for library personnel labor costs. The Fund had total revenues of \$568,757, total expenditures of \$171,224 and transfers out for debt service and capital outlay of \$923,023. It ended the year with a fund balance of \$750,511, down from \$1,276,001 at December 31, 2005.

**CASCADE CHARTER TOWNSHIP**  
**Management's Discussion and Analysis**  
**December 31, 2006**

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The *Pathways Fund* levies property taxes for pathway maintenance, construction, improvements and debt service, and also issues bonds for capital improvements. The Fund had total revenues of \$566,776 and total expenditures of \$479,307. It ended the year with a fund balance of \$809,332, up from \$721,863 at December 31, 2005.

The *Inspections Fund* collects inspection (building, mechanical, electrical, plumbing) permits from Cascade and other township residents to be used for maintaining the operations of the Inspections Department. The Fund had total revenues of \$1,030,979, total expenditures of \$956,591 and a transfer to the General Fund of \$140,048. It ended the year with a fund balance of \$413,005, down from \$478,665 at December 31, 2005.

The *Library Construction Fund* collects private donations and other fund's contributions for use in the construction of the Library Learning Center. The Fund had total revenues of \$75,844, operating transfers in of \$792,409 and total expenditures of \$1,034,036. It ended the year with a fund balance of zero, as the library improvement project was completed during the year.

**Nonmajor Funds**

The *Dam Major Repair Fund* collects interest, rentals and General Fund contributions for use in major repairs to the Cascade Dam. Total revenues were \$ 11,333, transfers in were \$20,000 and expenditures were \$33,472. It ended the year with a fund balance of \$269,785, down from \$271,924 at December 31, 2005.

The *HAZMAT Fund* collects contributions from surrounding governmental units to be used for hazardous waste clean-up. Total revenues were \$10,978 and expenditures totaled \$4,875. It ended the year with a fund balance of \$44,464, up from \$38,361 at December 31, 2005.

The *Open Space Preservation Capital Projects Fund* collects private contributions and transfers from the General Fund to fund future projects. Total revenues were \$73,323 and transfers in were \$45,000. Total expenditures were \$3,115. It ended the year with a fund balance of \$488,838, up from \$373,630 at December 31, 2005.

The Township operates three *Debt Service Funds* which collect special assessments and transfers from other Township Funds to be used for bond principal retirement and interest payments. Total revenues were \$11,205, total principal and interest expenditures were \$583,503 and transfers in from other funds were \$564,883. The ending fund balances totaled \$98,070, down from \$105,485 at December 31, 2005.

The *Cemetery Perpetual Care Fund* collects cemetery burial fees to be used for future improvements to Township cemeteries. Total revenues and operating transfers in were \$7,913 and total expenditures were \$2,461. It ended the year with a fund balance of \$52,281, up from \$46,829 at December 31, 2005.

The *Trust Account* and *Tax Account Funds* are operated as Agency Funds of the Township. The assets of these funds are being held for the future payment to the governmental units and businesses and individuals entitled to the monies. Balances on hand at December 31, 2006 totaled \$143,670 in the Trust Account and \$5,592,272 in the Tax Account.

**General Fund Budgetary Highlights**

Over the course of the year, the Township revised the annual operating budget several times to comply with Michigan Department of Treasury guidelines. The budget amendments were made to reflect changes in revenues and expenditures as they occurred during the year, including reduced state shared revenues as the State of Michigan lowered its revenue sharing formula to local governmental units. None of the budget amendments were material to the overall operations of the Township during the year.

**CASCADE CHARTER TOWNSHIP**  
**Management's Discussion and Analysis**  
**December 31, 2006**

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**Capital Asset and Debt Administration**

Capital Assets

By the end of 2006, the Township had a \$21,265,220 investment in a broad range of capital assets, including land, land improvements, buildings and improvements, vehicles and furniture and equipment. (More detailed information about capital assets can be found in the Notes to Basic Financial Statements.)

Net capital asset additions totaled \$1,174,158 for the fiscal year with accumulated depreciation increasing \$696,320. The net book value of capital assets at December 31, 2006 and 2005 is detailed as follows:

	<u><b>2006</b></u>	<u><b>2005</b></u>
Land	\$ 3,918,895	\$ 3,918,895
Construction in progress	-	1,617,198
Land improvements	4,991,149	5,245,617
Buildings and improvements	6,763,557	4,559,138
Furniture and equipment	559,480	353,612
Vehicles	<u>888,868</u>	<u>949,651</u>
<b>Net Capital Assets</b>	<u><b>\$ 17,121,949</b></u>	<u><b>\$ 16,644,111</b></u>

Long-Term Debt

At year end, the Township had \$11,367,890 in bonds (general obligation and special assessment), notes, installment purchase agreements and unused vacation pay – prior year debt balances were reduced by payments of \$1,156,203 during the current year. There is more detailed information about long-term liabilities in the Notes to Basic Financial Statements. Long-term debt at December 31, 2006 and 2005 is detailed by type as follows:

	<u><b>2006</b></u>	<u><b>2005</b></u>
General obligation bonds	\$ 3,740,000	\$ 4,030,000
Building authority bonds	3,725,000	4,120,000
Special assessment bonds	145,000	170,000
Municipal purchase notes	3,455,000	3,755,000
Installment purchase agreements	279,751	348,805
Accumulated vacation pay	<u>23,139</u>	<u>21,328</u>
<b>Total Long-term Debt</b>	<u><b>\$ 11,367,890</b></u>	<u><b>\$ 12,445,133</b></u>

**Factors Bearing on the Township's Future**

At the time these financial statements were prepared and audited, the Township was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Township's initial General Fund budget for 2007 anticipates a reduction in year end fund balance of \$120,000. This estimate reflects property tax growth within the Township, continuing reductions in state shared revenues and a continuing effort to control/reduce costs within the Township, while continuing to maintain a high quality of taxpayer service.

**CASCADE CHARTER TOWNSHIP**  
**Management's Discussion and Analysis**  
**December 31, 2006**

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**Contacting the Township's Financial Management**

This financial report is designed to provide the Township's citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rob Beahan, Township Manager, Cascade Charter Township, 2865 Thornhills SE, Grand Rapids, MI, 49546-7192.



**CASCADE CHARTER TOWNSHIP**  
**Statement of Net Assets**  
**December 31, 2006**

	Primary Governmental Activities	Component Unit
<b>Assets</b>		
<b>Current Assets</b>		
Cash equivalents, deposits and investments (Note B)	\$ 10,730,386	\$ 1,075,210
Receivables:		
Taxes (Note C)	4,961,445	412,372
Accounts	60,712	-
Special assessments - current portion (Note F)	142,000	-
Due from other governmental units	195,308	-
<b>Total Current Assets</b>	<u>16,089,851</u>	<u>1,487,582</u>
<b>Noncurrent Assets</b>		
Special assessments receivable (Note F)	2,559,118	-
Capital assets (Note E)	21,265,220	2,731,882
Less accumulated depreciation	(4,143,271)	(766,701)
<b>Total Noncurrent Assets</b>	<u>19,681,067</u>	<u>1,965,181</u>
<b>Total Assets</b>	<u>35,770,918</u>	<u>3,452,763</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	113,666	435
Due to other governmental units	71,140	-
Accrued interest payable	99,300	9,608
Deferred revenue (Note F)	4,961,445	412,372
Current portion of noncurrent liabilities (Note G)	1,115,882	60,000
<b>Total Current Liabilities</b>	<u>6,361,433</u>	<u>482,415</u>
<b>Noncurrent Liabilities (Note G)</b>		
General obligation bonds payable	3,740,000	-
Building authority bonds payable	3,725,000	-
Special assessment bonds payable	145,000	-
Municipal purchase notes payable	3,455,000	-
Tax increment financing authority bonds payable	-	1,140,000
Installment purchase agreements payable	279,751	-
Accumulated vacation pay	23,139	-
Current portion of noncurrent liabilities (Note G)	(1,115,882)	(60,000)
<b>Total Noncurrent Liabilities</b>	<u>10,252,008</u>	<u>1,080,000</u>
<b>Total Liabilities</b>	<u>16,613,441</u>	<u>1,562,415</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	5,681,808	815,573
Restricted for:		
Debt service	101,680	-
Capital projects	488,838	-
Unrestricted	12,885,151	1,074,775
<b>Total Net Assets</b>	<u><u>\$ 19,157,477</u></u>	<u><u>\$ 1,890,348</u></u>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Statement of Activities**  
**For the year ended December 31, 2006**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants	Primary Government	Component Unit
<b>Primary Government</b>					
Governmental activities:					
General government	\$ 1,545,024	\$ 191,141	\$ -	\$ (1,353,883)	\$ -
Public safety	3,568,755	1,238,912	-	(2,329,843)	-
Public works	779,743	836,775	-	57,032	-
Recreational and cultural	865,551	-	-	(865,551)	-
Other township	319,148	-	-	(319,148)	-
Interest on long-term debt	497,198	-	-	(497,198)	-
<b>Total Primary Government</b>	<b>\$ 7,575,419</b>	<b>\$ 2,266,828</b>	<b>\$ -</b>	<b>(5,308,591)</b>	<b>-</b>
<b>Component Unit</b>					
Downtown Development Authority	\$ 208,367	\$ -	\$ -		(208,367)
General revenues:					
Property taxes levied for:					
General operations				1,904,381	-
Fire				1,709,690	-
Police				619,415	-
Library				504,837	-
Pathways				518,231	-
Downtown development authority				-	683,531
State revenue sharing				1,050,038	-
Intergovernmental revenues				21,417	-
Interest and investment earnings				772,302	44,838
Other				293,568	35,581
Gain (loss) on sale of capital assets				(3,500)	-
<b>Total General Revenues</b>				<b>7,390,379</b>	<b>763,950</b>
<b>Change in Net Assets</b>				<b>2,081,788</b>	<b>555,583</b>
<b>Net Assets - Beginning of Year</b>				<b>17,075,689</b>	<b>1,334,765</b>
<b>Net Assets - End of Year</b>				<b>\$ 19,157,477</b>	<b>\$ 1,890,348</b>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2006**

	General	Fire	Police	Special Improvement Revolving
<b>Assets</b>				
Cash equivalents, deposits and investments (Note B)	\$ 3,040,282	\$ 1,046,051	\$1,328,855	\$2,364,137
Receivables:				
Taxes (Note C)	1,436,971	1,797,962	651,104	-
Accounts	3,390	-	-	-
Special assessments (Note F)	-	-	-	2,692,057
Due from other funds (Note D)	66,561	-	4,529	-
Due from other governmental units	189,830	-	-	-
<b>Total Assets</b>	<u>\$ 4,737,034</u>	<u>\$ 2,844,013</u>	<u>\$1,984,488</u>	<u>\$5,056,194</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 44,571	\$ 17,215	\$ -	\$ 12,606
Due to other funds (Note D)	-	21,248	-	-
Due to other governmental units	-	-	71,140	-
Deferred revenue (Note F)	1,436,971	1,797,962	651,104	2,692,057
<b>Total Liabilities</b>	<u>1,481,542</u>	<u>1,836,425</u>	<u>722,244</u>	<u>2,704,663</u>
<b>Fund Balances</b>				
Reserved for:				
Debt service	-	-	-	-
Unreserved:				
Designated	51,019	-	-	2,351,531
Undesignated, reported in:				
General fund	3,204,473	-	-	-
Special revenue funds	-	1,007,588	1,262,244	-
<b>Total Fund Balances</b>	<u>3,255,492</u>	<u>1,007,588</u>	<u>1,262,244</u>	<u>2,351,531</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,737,034</u>	<u>\$ 2,844,013</u>	<u>\$1,984,488</u>	<u>\$5,056,194</u>

See accompanying notes to basic financial statements.

Revenue				
Library	Pathways	Inspections	Other Governmental	Total
\$ 743,952	\$ 805,543	\$ 426,512	\$ 975,054	\$ 10,730,386
530,665	544,743	-	-	4,961,445
-	-	-	-	3,390
-	-	-	9,061	2,701,118
3,691	3,789	-	-	78,570
5,478	-	-	-	195,308
<u>\$ 1,283,786</u>	<u>\$ 1,354,075</u>	<u>\$ 426,512</u>	<u>\$ 984,115</u>	<u>\$ 18,670,217</u>
\$ 2,610	\$ -	\$ 13,507	\$ 23,157	\$ 113,666
-	-	-	-	21,248
-	-	-	-	71,140
530,665	544,743	-	7,520	7,661,022
<u>533,275</u>	<u>544,743</u>	<u>13,507</u>	<u>30,677</u>	<u>7,867,076</u>
-	-	-	98,070	98,070
-	-	-	810,904	3,213,454
-	-	-	-	3,204,473
750,511	809,332	413,005	44,464	4,287,144
<u>750,511</u>	<u>809,332</u>	<u>413,005</u>	<u>953,438</u>	<u>10,803,141</u>
<u>\$ 1,283,786</u>	<u>\$ 1,354,075</u>	<u>\$ 426,512</u>	<u>\$ 984,115</u>	<u>\$ 18,670,217</u>

**CASCADE CHARTER TOWNSHIP**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**December 31, 2006**

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<b>Total governmental fund balances</b>			<b>\$ 10,803,141</b>
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$21,265,220 and accumulated depreciation is \$4,143,271.			17,121,949
Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:			
Special assessments receivable			2,699,577
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:			
General obligation bonds	\$ (3,740,000)		
Building authority bonds	(3,725,000)		
Special assessment bonds	(145,000)		
Municipal purchase notes	(3,455,000)		
Installment purchase agreements	(279,751)		
Accumulated vacation pay	(23,139)		
			<u>(11,367,890)</u>
Accrued interest is not included as a liability in governmental funds			<u>(99,300)</u>
<b>Total net assets - governmental activities</b>			<b><u><u>\$ 19,157,477</u></u></b>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended December 31, 2006**

	General	Fire	Police	Special Improvement Revolving
<b>Revenues</b>				
Taxes	\$ 1,904,381	\$ 1,709,690	\$ 619,415	\$ -
Licenses and permits	218,031	-	-	-
State sources	1,050,038	-	-	-
Intergovernmental sources	-	-	-	-
Charges for services	191,141	-	-	-
Fines and forfeitures	-	347	-	-
Interest and rentals	369,783	72,809	62,329	110,535
Other	151,495	10,770	1,750	785,800
<b>Total Revenues</b>	<b>3,884,869</b>	<b>1,793,616</b>	<b>683,494</b>	<b>896,335</b>
<b>Expenditures</b>				
Current:				
General government	1,426,803	-	-	-
Public safety	133,882	1,733,810	614,417	-
Public works	478,019	-	-	-
Recreational and cultural	185,145	-	-	-
Other township	408,351	-	-	-
Capital outlay	55,916	-	-	301,724
Debt service:				
Principal repayment	77,216	46,839	-	275,000
Interest and fiscal charges	35,370	10,692	-	90,368
<b>Total Expenditures</b>	<b>2,800,702</b>	<b>1,791,341</b>	<b>614,417</b>	<b>667,092</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,084,167</b>	<b>2,275</b>	<b>69,077</b>	<b>229,243</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	140,048	400,000	-	-
Transfers out	(791,645)	(95,941)	-	(17,373)
<b>Total Other Financing Sources (Uses)</b>	<b>(651,597)</b>	<b>304,059</b>	<b>-</b>	<b>(17,373)</b>
<b>Net Change in Fund Balances</b>	<b>432,570</b>	<b>306,334</b>	<b>69,077</b>	<b>211,870</b>
<b>Fund Balances, January 1</b>	<b>2,822,922</b>	<b>701,254</b>	<b>1,193,167</b>	<b>2,139,661</b>
<b>Fund Balances, December 31</b>	<b>\$ 3,255,492</b>	<b>\$ 1,007,588</b>	<b>\$ 1,262,244</b>	<b>\$ 2,351,531</b>

See accompanying notes to basic financial statements.

Revenue			Capital Projects		
Library	Pathways	Inspections	Library Construction	Other Governmental	Total
\$ 504,837	\$ 518,231	\$ -	\$ -	\$ -	\$ 5,256,554
-	-	1,011,534	-	-	1,229,565
-	-	-	-	-	1,050,038
21,417	-	-	-	-	21,417
-	-	-	-	9,000	200,141
-	-	-	-	-	347
42,004	48,545	17,820	7,849	40,628	772,302
499	-	1,625	67,995	59,434	1,079,368
568,757	566,776	1,030,979	75,844	109,062	9,609,732
-	-	-	-	35,933	1,462,736
-	-	956,591	-	4,875	3,443,575
-	-	-	-	-	478,019
171,224	13,905	-	-	-	370,274
-	-	-	-	-	408,351
-	-	-	1,034,036	3,115	1,394,791
-	260,000	-	-	420,000	1,079,055
-	205,402	-	-	163,503	505,335
171,224	479,307	956,591	1,034,036	627,426	9,142,136
397,533	87,469	74,388	(958,192)	(518,364)	467,596
544	-	-	792,953	635,573	1,969,118
(923,567)	-	(140,048)	(544)	-	(1,969,118)
(923,023)	-	(140,048)	792,409	635,573	-
(525,490)	87,469	(65,660)	(165,783)	117,209	467,596
1,276,001	721,863	478,665	165,783	836,229	10,335,545
\$ 750,511	\$ 809,332	\$ 413,005	\$ -	\$ 953,438	\$ 10,803,141

**CASCADE CHARTER TOWNSHIP**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended December 31, 2006**

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**Net change in fund balances - total governmental funds** \$ 467,596

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlays	\$ 1,179,157	
Depreciation expense	<u>(697,820)</u>	481,337

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold. (3,500)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:  
     Special assessments 50,974

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of general obligation bonds	290,000	
Repayment of building authority bonds	395,000	
Repayment of special assessment bonds	25,000	
Repayment of municipal purchase notes	300,000	
Repayment of installment purchase agreements	<u>69,055</u>	1,079,055

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. 8,137

In the Statement of Net Assets, accumulated vacation pay is measured by the amount earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits earned (\$78,960) exceeded the amounts used/paid (\$77,149). (1,811)

**Total changes in net assets - governmental activities** \$ 2,081,788

See accompanying notes to basic financial statements.



**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,844,202	\$ 1,894,580	\$ 1,904,381	\$ 9,801
Licenses and permits	171,962	213,941	218,031	4,090
State sources	1,111,516	1,049,769	1,050,038	269
Charges for services	154,135	155,170	191,141	35,971
Interest and rentals	193,952	290,052	369,783	79,731
Other	70,536	143,845	151,495	7,650
<b>Total Revenues</b>	<b>3,546,303</b>	<b>3,747,357</b>	<b>3,884,869</b>	<b>137,512</b>
<b>Expenditures</b>				
Current:				
General government:				
Township board	31,334	31,334	31,202	132
Supervisor	5,429	5,429	5,322	107
Manager	143,749	144,127	144,099	28
Elections	110,841	110,841	104,561	6,280
Assessor	2,835	2,835	2,237	598
Clerk	112,841	112,841	110,874	1,967
Board of review	184,332	184,332	165,362	18,970
General administration	28,060	31,407	22,146	9,261
Treasurer	401,894	416,104	369,967	46,137
Buildings and grounds	21,500	24,831	12,921	11,910
Cemetery	518,272	584,821	458,112	126,709
Total general government	1,561,087	1,648,902	1,426,803	222,099
Public safety:				
Planning	151,422	151,422	133,882	17,540
Public works:				
Drains	33,500	41,302	14,923	26,379
Highways, streets and bridges	327,500	357,706	290,005	67,701
Street lighting	115,750	115,750	105,982	9,768
Hydrant rental	36,720	37,960	37,800	160
Sanitation services	60,600	60,600	29,309	31,291
Total public works	574,070	613,318	478,019	135,299
Recreation and cultural:				
Parks and recreation	180,906	192,706	182,914	9,792
Historical	5,000	5,000	2,231	2,769
Total recreation and cultural	185,906	197,706	185,145	12,561
Other township	445,773	449,886	408,351	41,535
Capital outlay	25,791	57,818	55,916	1,902

(Continued)

**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Expenditures</b> (Continued)				
Debt service:				
Principal repayment	\$ 77,216	\$ 77,216	\$ 77,216	\$ -
Interest and fiscal charges	35,370	35,370	35,370	-
	<u>112,586</u>	<u>112,586</u>	<u>112,586</u>	<u>-</u>
<b>Total Expenditures</b>	<u>3,056,635</u>	<u>3,231,638</u>	<u>2,800,702</u>	<u>430,936</u>
<b>Excess of Revenues Over Expenditures</b>	<u>489,668</u>	<u>515,719</u>	<u>1,084,167</u>	<u>568,448</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	140,048	140,048	-
Transfers out	(791,630)	(791,630)	(791,645)	(15)
<b>Total Other Financing Sources (Uses)</b>	<u>(791,630)</u>	<u>(651,582)</u>	<u>(651,597)</u>	<u>(15)</u>
<b>Net Change in Fund Balances</b>	<u>(301,962)</u>	<u>(135,863)</u>	<u>432,570</u>	<u>568,433</u>
<b>Fund Balances, January 1</b>	<u>2,822,922</u>	<u>2,822,922</u>	<u>2,822,922</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 2,520,960</u></u>	<u><u>\$ 2,687,059</u></u>	<u><u>\$ 3,255,492</u></u>	<u><u>\$ 568,433</u></u>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Fire Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2006**

	Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 1,730,416	\$ 1,709,690	\$ (20,726)
Fines and forfeitures	200	347	147
Interest and rentals	73,700	72,809	(891)
Other	8,150	10,770	2,620
<b>Total Revenues</b>	<u>1,812,466</u>	<u>1,793,616</u>	<u>(18,850)</u>
<b>Expenditures</b>			
Current:			
Public safety	1,997,105	1,733,810	263,295
Debt service:			
Principal repayment	46,839	46,839	-
Interest and fiscal charges	10,692	10,692	-
<b>Total Expenditures</b>	<u>2,054,636</u>	<u>1,791,341</u>	<u>263,295</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(242,170)</u>	<u>2,275</u>	<u>244,445</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	400,000	400,000	-
Transfers out	(95,941)	(95,941)	-
<b>Total Other Financing Sources (Uses)</b>	<u>304,059</u>	<u>304,059</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>61,889</u>	<u>306,334</u>	<u>244,445</u>
<b>Fund Balances, January 1</b>	<u>701,254</u>	<u>701,254</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 763,143</u></u>	<u><u>\$ 1,007,588</u></u>	<u><u>\$ 244,445</u></u>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Police Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2006**

	Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 614,620	\$ 619,415	\$ 4,795
Interest and rentals	61,800	62,329	529
Other	1,750	1,750	-
<b>Total Revenues</b>	<u>678,170</u>	<u>683,494</u>	<u>5,324</u>
<b>Expenditures</b>			
Current:			
Public safety:			
Law enforcement	<u>629,727</u>	<u>614,417</u>	<u>15,310</u>
<b>Net Change in Fund Balances</b>	<u>48,443</u>	<u>69,077</u>	<u>20,634</u>
<b>Fund Balances, January 1</b>	<u>1,193,167</u>	<u>1,193,167</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 1,241,610</u></u>	<u><u>\$ 1,262,244</u></u>	<u><u>\$ 20,634</u></u>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Improvement Revolving Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2006**

	Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Interest and rentals	\$ 82,854	\$ 110,535	\$ 27,681
Other	809,689	785,800	(23,889)
<b>Total Revenues</b>	<u>892,543</u>	<u>896,335</u>	<u>3,792</u>
<b>Expenditures</b>			
Capital outlay	619,649	301,724	317,925
Debt service:			
Principal repayment	275,000	275,000	-
Interest and fiscal charges	90,468	90,368	100
Total debt service	<u>365,468</u>	<u>365,368</u>	<u>100</u>
<b>Total Expenditures</b>	<u>985,117</u>	<u>667,092</u>	<u>318,025</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(92,574)</u>	<u>229,243</u>	<u>321,817</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	<u>(17,373)</u>	<u>(17,373)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(109,947)</u>	<u>211,870</u>	<u>321,817</u>
<b>Fund Balances, January 1</b>	<u>2,139,661</u>	<u>2,139,661</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 2,029,714</u></u>	<u><u>\$ 2,351,531</u></u>	<u><u>\$ 321,817</u></u>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Library Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2006**

	Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 493,352	\$ 504,837	\$ 11,485
Intergovernmental sources	20,300	21,417	1,117
Interest and rentals	48,800	42,004	(6,796)
Other	500	499	(1)
<b>Total Revenues</b>	<b>562,952</b>	<b>568,757</b>	<b>5,805</b>
<b>Expenditures</b>			
Current:			
Recreation and cultural:			
Library	196,425	171,224	25,201
<b>Excess of Revenues Over Expenditures</b>	<b>366,527</b>	<b>397,533</b>	<b>31,006</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	544	544
Transfers out	(923,567)	(923,567)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(923,567)</b>	<b>(923,023)</b>	<b>544</b>
<b>Net Change in Fund Balances</b>	<b>(557,040)</b>	<b>(525,490)</b>	<b>31,550</b>
<b>Fund Balances, January 1</b>	<b>1,276,001</b>	<b>1,276,001</b>	<b>-</b>
<b>Fund Balances, December 31</b>	<b>\$ 718,961</b>	<b>\$ 750,511</b>	<b>\$ 31,550</b>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Pathways Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2006**

	Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 514,218	\$ 518,231	\$ 4,013
Interest and rentals	45,300	48,545	3,245
<b>Total Revenues</b>	<b>559,518</b>	<b>566,776</b>	<b>7,258</b>
<b>Expenditures</b>			
Current:			
Recreation and cultural:			
Parks and recreation	97,700	13,905	83,795
Debt service:			
Principal repayment	260,000	260,000	-
Interest and fiscal charges	206,163	205,402	761
Total debt service	466,163	465,402	761
<b>Total Expenditures</b>	<b>563,863</b>	<b>479,307</b>	<b>84,556</b>
<b>Net Change in Fund Balances</b>	<b>(4,345)</b>	<b>87,469</b>	<b>91,814</b>
<b>Fund Balances, January 1</b>	<b>721,863</b>	<b>721,863</b>	<b>-</b>
<b>Fund Balances, December 31</b>	<b>\$ 717,518</b>	<b>\$ 809,332</b>	<b>\$ 91,814</b>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Inspections Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2006**

	Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Licenses and permits	\$ 1,052,827	\$ 1,011,534	\$ (41,293)
Interest and rentals	17,277	17,820	543
Other	1,337	1,625	288
<b>Total Revenues</b>	<u>1,071,441</u>	<u>1,030,979</u>	<u>(40,462)</u>
<b>Expenditures</b>			
Current:			
Public safety	<u>995,671</u>	<u>956,591</u>	<u>39,080</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>75,770</u>	<u>74,388</u>	<u>(1,382)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	<u>(140,048)</u>	<u>(140,048)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(64,278)</u>	<u>(65,660)</u>	<u>(1,382)</u>
<b>Fund Balances, January 1</b>	<u>478,665</u>	<u>478,665</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 414,387</u></u>	<u><u>\$ 413,005</u></u>	<u><u>\$ (1,382)</u></u>

See accompanying notes to basic financial statements.



**CASCADE CHARTER TOWNSHIP**  
**Component Unit**  
**Balance Sheet**  
**December 31, 2006**

	<u>Downtown Development Authority</u>
<b>Assets</b>	
Cash equivalents, deposits and investments (Note B)	\$ 1,075,210
Taxes receivable (Note C)	<u>412,372</u>
<b>Total Assets</b>	<u><u>\$ 1,487,582</u></u>
 <b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable	\$ 435
Deferred revenue	<u>412,372</u>
<b>Total Liabilities</b>	<u>412,807</u>
<b>Fund Balances</b>	
Unreserved:	
Undesignated	<u>1,074,775</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 1,487,582</u></u>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Component Unit**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended December 31, 2006**

	Downtown Development Authority
<b>Revenues</b>	
Taxes	\$ 683,531
Interest and rentals	44,838
Other	35,581
<b>Total Revenues</b>	<u>763,950</u>
<b>Expenditures</b>	
Current:	
General government	178,974
Debt service:	
Principal repayment	55,000
Interest and fiscal charges	60,538
Total debt service	<u>115,538</u>
<b>Total Expenditures</b>	<u>294,512</u>
<b>Net Change In Fund Balances</b>	469,438
<b>Fund Balances, Beginning of Year</b>	<u>605,337</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 1,074,775</u></u>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**December 31, 2006**

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	<u>Agency Funds</u>
<b>Assets</b>	
Cash equivalents, deposits and investments (Note B)	<u>\$ 5,735,942</u>
<b>Liabilities</b>	
Due to other funds (Note D)	\$ 57,322
Due to other governmental units	5,534,950
Escrow deposits	<u>143,670</u>
<b>Total Liabilities</b>	<u>\$ 5,735,942</u>

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

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**Note A – Summary of Significant Accounting Policies**

Cascade Charter Township was organized as a general law township under applicable laws of the State of Michigan and was incorporated as a charter township on May 16, 1980 under provisions of Act 359, Public Acts of 1947, as amended by the Public Acts of 1976. The Township is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and four Trustees. The Township is administered by a Manager appointed by the aforementioned Board. The Township provides, or contributes to the providing of, the following services to its residents as provided by statute: public safety (police, fire, inspection), highways and streets, parks and recreation, cultural, public improvements, planning and zoning, general administrative and other services.

The financial statements of Cascade Charter Township (the “Township”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to Townships. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Township’s accounting policies are described below.

**1. Reporting Entity**

The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable.

The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationships to the Township.

Cascade Charter Township Building Authority  
Cascade Charter Township Downtown Development Authority

*Blended Component Units*

Entities whose governing bodies are substantially the same as the governing body of the primary government, or those which provide services entirely, or virtually entirely, for the benefit of the primary government, are disclosed as blended component units.

The *Cascade Charter Township Building Authority* is blended in the Debt Service Funds because its sole purpose is to finance and construct the Township’s public buildings. Separate financial statements are not prepared for the Building Authority.

*Discretely Presented Component Units*

These component units are reported in a separate column to emphasize that, while legally separate, Cascade Charter Township remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Cascade Charter Township is such that exclusion of these entities would render the financial statements misleading or incomplete.

The *Cascade Charter Township Downtown Development Authority* is responsible for the improvement and ongoing maintenance and debt service of the Downtown Development Improvement District. Separate financial statements are not prepared for the Downtown Development Authority.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

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**2. Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements** - The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the Township as a whole. The reported information includes all of the nonfiduciary activities of the Township. The Township does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Township. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The Township does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Township's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, state revenue sharing, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

**Fund Financial Statements** - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *Fire Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and debt service of the Township Fire Department.

The *Police Special Revenue Fund* accounts for property tax revenues levied to maintain law enforcement activities in the Township.

The *Improvement Revolving Special Revenue Fund* accounts for special assessments and fees used to construct and improve the sewer sanitation and water supply systems in the Township.

The *Library Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and debt service of the Township library.

The *Pathways Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and debt service of the Township pedestrian pathways system.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

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The *Inspections Special Revenue Fund* accounts for permit fees collected to maintain the operations of the Township inspections department.

The *Library Construction Capital Projects Fund* accounts for private and General Fund contributions for use in the construction of the Library Learning Center.

Additionally, the Township reports the following non-major fund types:

The *Cascade Dam Major Repair Fund* accounts for rental fees and General Fund contributions collected to be used for major repairs or renovations to the Cascade Dam.

The *HAZMAT Special Revenue Fund* accounts for intergovernmental fees to be used for the disposal of hazardous materials.

The *Debt Service Funds* account for special assessments and transfers to be used for bond principal retirement and interest payments.

The *Open Space Preservation Capital Projects Fund* collects private contributions and transfers to be used to fund future projects.

The *Cemetery Trust Permanent Fund* accounts for fees collected to be used for cemetery improvements.

The *Trust Account Agency Fund* accounts for the collection of bonds and deposits and the payment to the governmental units or other persons entitled to receive these funds.

The *Tax Account Agency Fund* accounts for the collection of current and delinquent property taxes and the payment to the governmental units or other persons entitled to receive these funds.

### **3. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

*Government-wide and fiduciary fund financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Taxes, intergovernmental revenues and interest

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

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associated with current period are all considered to susceptible to accrual and have been recognized as revenues of the current fiscal period. Property taxes levied for the subsequent fiscal year are presented as deferred revenue at fiscal year end.

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

#### **4. Budgets and Budgetary Accounting**

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General and Special Revenue Funds are subject to legal budgetary accounting controls and are budgeted annually. The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The budgets are generated with input from the Township Manager, the various department heads, Supervisor, Clerk, Treasurer and the Township Trustees.
- The completed budgets are then presented to Township electors at a public budget hearing in September, at which time taxpayer comments and recommendations are heard. These operating budgets include proposed expenditures and the means of financing them for the General Fund and Special Revenue Funds.
- Prior to January 1, the budgets are legally enacted on a departmental (activity) basis through passage of an appropriations resolution.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budgets as amended by the Township.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for each individual fund.



**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

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**5. Investments**

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

**6. Capital Assets**

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$2,500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-30 years
Buildings and improvements	25-40 years
Vehicles	5-20 years
Furniture and equipment	5-15 years

**7. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**8. Accumulated Vacation Pay**

Accumulated vacation pay at December 31, 2006 has been computed and recorded in the financial statements of the Township. At present, each Township employee may accumulate all unused vacation days and be reimbursed at their current salary rate for total days accumulated upon termination or retirement. At December 31, 2006, the accumulated liability (expected to be financed by General Fund and Fire and Inspections Special Revenue Funds revenues) amounted to \$23,139.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

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**9. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

**10. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**11. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as transfers in or out. Transfers between governmental funds are eliminated in the Statement of Activities. Transfers in the fund financial statements are reported as other financing sources/uses.

**12. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note B – Cash Equivalents, Deposits and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

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- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a Township in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a Township in Michigan.

Balances at December 31, 2006 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Cash equivalents, deposits and investments per the Statement of Net Assets:

Primary government	\$10,730,386
Component Unit	1,075,210

Cash equivalents, deposits and investments of Fiduciary Funds:

Primary government:	
Agency	<u>5,735,942</u>
	<u><u>\$17,541,538</u></u>

**Cash Equivalents and Deposits**

Cash equivalents consist of bank public funds checking, savings and money market accounts. Deposits consist of certificates of deposit.

Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. National City Bank of the Midwest
2. Huntington National Bank
3. Lasalle Bank Midwest N.A.
4. Fifth Third Bank
5. Mercantile Bank of Michigan
6. Chemical Bank West

December 31, 2006 balances detailed as follows:

Cash equivalents	\$ 8,611,626
Deposits	<u>1,086,872</u>
	<u><u>\$ 9,698,498</u></u>

*Custodial credit risk*

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be returned to the Township. Protection of Township cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the Township's cash equivalents and deposits was \$9,698,498 and the bank balance was \$11,180,684. Of the bank balance, \$600,000 was covered by federal depository insurance and \$10,580,684 was uninsured and uncollateralized.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

**Investments**

Investments consist of surplus funds investment pools and U.S. Government Agency Securities.

As of December 31, 2006 the Township and its component unit had the following investments in their portfolio:

	<b>Fair Value</b>	
	Primary Government	Component Unit
Investment Pool Accounts:		
Kent County Local Government	\$ 4,768,052	\$ 1,075,210
U.S. Government Agency Securities:		
Federal Home Loan Bank (FHLB)	1,500,000	—
Commercial Paper	499,778	—
	\$ 6,767,830	\$ 1,075,210

The Weighted Average Maturity (in years) for the FHLB securities was 1.1333.

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Township may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township minimizes custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business. All security transactions, including collateral for repurchase agreements entered into by the Township, shall be conducted on a cash (or delivery vs. payment) basis. Securities may be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

*Credit Risk*

The Township's investments in the surplus funds investment pools and U.S. Agency Securities were unrated.

*Interest Rate Risk*

In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements. Unless matched to a specific cash flow, the Township will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as possible with the expected use of the funds.

*Concentration of Credit Risk*

The Township minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, through its diversification policy which states the objective of the Township is to protect principal by diversifying its cash management portfolio to the extent practical and within sound business practices. With the exception of U.S. Treasury Securities and authorized pools, no more than fifty percent of the Township's total investment portfolio will be invested in single security type or with a single financial institution. More than 5 percent of the Township's investments are in Federal Home Loan Bank securities (22%) and Commercial Paper (7%).

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

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*Foreign Currency Risk*

The Township is not authorized to invest in investments which have this type of risk.

**Note C – General Property Taxes**

Property taxes for the Township and County become due and payable on December 1 of each year. School district taxes are payable July 1 and December 1 of each year, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Property tax revenues are recognized by the Township in the calendar year for which taxes have been levied. For the 2006 calendar year, the 2005 Township property tax levies are recognized in the amounts collected. As the 2006 property tax roll was levied for 2007 operations, Township taxes that become due December 1, 2006 have not been included as revenue for the year ended December 31, 2006. Instead, the uncollected portion of the 2006 Township tax roll at December 31, 2006 is reported in the General, Police, Fire, Library and Pathways Funds as taxes receivable, with total 2006 Township levies reported as deferred revenue.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Kent County, Kent District Library, Kent Intermediate School District, Grand Rapids Community College, Caledonia Community Schools, Forest Hills Public Schools and Lowell Area Schools. The collection and remittance of taxes are accounted for in the Tax Account Agency Fund. Taxes collected in December, 2006 on the 2006 tax roll are shown as amounts due to other governmental units in the Tax Account Agency Fund.

The Township is permitted by statute (Act 359, Public Acts of 1947, as amended by Public Acts of 1976) to levy up to 1.1 mills of general property taxes on the taxable valuation in the Township. Due to the effect of the Headlee Amendment, the actual tax levies were reduced to .9716 mills for 2006 general operations. The Township also levied 1.3152 mills for fire protection, .4763 mills for police protection, .3882 mills for library services and .3985 mills for pathways, as previously approved by Township electors and reduced by the effect of the Headlee Amendment.

The Township also levies street lighting and hydrant rental assessments on benefiting real property in the Township.

The tax collection record of Township taxes for the past four years is shown in the following summary:

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Township taxes levied	\$4,703,867	\$4,288,108	\$3,975,585	\$3,407,148
Taxes collected:				
Current to March 1	4,520,349	4,107,451	3,822,057	3,284,624
Total to December 31, 2006	4,695,273	4,266,599	3,958,997	3,398,997
Percentages of collections:				
Current to March 1	96.10%	95.79%	96.14%	96.40%
Total to December 31, 2006	99.82%	99.50%	99.58%	99.76%

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon State Equalized Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for prior years are compared with 2005 valuations in the following summary:

<b>Year</b>	<b>Real</b>	<b>Personal</b>	<b>Total</b>
2005	\$1,193,619,730	\$131,546,127	\$1,325,165,857
2004	1,118,866,865	127,329,203	1,246,196,068
2003	1,061,911,828	130,160,600	1,192,072,428
2002	1,011,639,610	135,639,100	1,147,278,710
2001	955,669,815	131,302,300	1,086,972,115
2000	892,195,449	131,854,979	1,024,050,428
1999	836,089,119	134,908,873	970,997,992
1998	791,675,035	109,630,700	901,305,735
1997	735,840,066	99,440,840	835,280,906
1996	683,181,906	94,172,800	777,354,706

The State Equalized Valuations do not include valuation of certain facilities which are exempt under Act 198, Public Acts 1974 or Act 255, Public Acts 1978. These Acts are designed to provide stimulus in the form of significant tax incentives to industrial and commercial enterprises to renovate and expand aging facilities and to build new facilities in Michigan. Under the provisions of the Acts, a local governmental unit (city, village or township) in which the total property tax levy is at least 30 mills or in which a city income tax is levied may establish rehabilitation districts and industrial development districts to encourage restoration or replacement of obsolete facilities and to attract new plants to the area.

An Industrial (Act 198) or Commercial Act (Act 255) Facilities Exemption Certificate entitles the facility to exemption from ad valorem real and personal property taxes for a period of up to 12 years. In lieu of the property tax, the firm will pay a specific tax. The tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the ad valorem property tax, the important difference being that the state equalized valuation of the property remains at the level assessed on the obsolete facility prior to the improvements, even though the restoration or replacement substantially increases the true cash value of the facility. For a new facility being built in a rehabilitation or a development district, the tax is also determined the same as the ad valorem property tax but instead of using the total mills levied as ad valorem taxes, only half the millage rate is applied. The amount of the resulting tax thus is equal to 50% of the property tax which otherwise would be payable. The 2005 valuations of these certificates is compared with prior years in the following exhibit:

<b>Year</b>	<b>Real</b>	<b>Personal</b>	<b>Total</b>
2005	\$19,557,695	\$27,189,500	\$46,747,195
2004	27,308,598	28,283,200	55,591,798
2003	25,266,200	27,428,800	52,695,000
2002	26,448,122	30,987,200	57,435,322
2001	26,324,071	33,995,800	60,319,871
2000	25,798,120	31,576,300	57,374,420
1999	23,842,608	20,994,200	44,836,808
1998	16,614,047	17,010,200	33,624,247
1997	22,493,922	19,866,200	42,360,122
1996	22,493,922	19,866,200	42,360,122

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

**Note D – Due From (To) Other Funds/Transfers In (Out)**

Amounts due from (to) other funds representing 2006 interest earnings in the Tax Account Agency Fund and property tax allocation corrections due at December 31, 2006 are detailed as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Special Revenue Fund:		
Fire Fund	\$ 9,239	\$ —
Agency Fund:		
Tax Account Agency Fund	57,322	—
	<hr/> 66,561	<hr/> —
Special Revenue Funds:		
Fire Fund:		
General Fund	—	9,239
Police Fund	—	4,529
Library Fund	—	3,691
Pathways Fund	—	3,789
Police Fund:		
Fire Fund	4,529	—
Library Fund:		
Fire Fund	3,691	—
Pathways Fund:		
Fire Fund	3,789	—
	<hr/> 12,009	<hr/> 21,248
Agency Fund:		
Tax Account Agency Fund:		
General Fund	—	57,322
	<hr/> \$ 78,570	<hr/> \$ 78,570

Interfund transfers during the year ended December 31, 2006 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Funds</b>		
General Fund:		
Special Revenue Funds:		
Fire Special Revenue Fund	\$ —	\$ 400,000
Cascade Dam Major Repair Fund	—	20,000
Inspections	140,048	—
Debt Service Funds:		
Building Authority Fund	—	240,955
Capital Projects Fund:		
Openspace Preservation Fund	—	45,000
Library Construction Fund	—	80,000
Permanent Fund:		
Cemetery Perpetual Care Fund	—	5,690
	<hr/>	<hr/>
Total General Fund	\$ 140,048	\$ 791,645

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

	<u>Transfers In</u>	<u>Transfers Out</u>
Fire Fund:		
General Fund	\$ 400,000	—
Building Authority Debt Service Fund	—	95,941
Improvement Revolving Fund:		
1988-A Debt Service Fund	—	17,373
Library Fund:		
Building Authority Debt Service Fund	—	210,614
Library Construction Capital Projects Fund	544	712,953
Inspections Fund:		
General Fund	—	140,048
Library Construction Capital Projects Fund:		
General Fund	80,000	—
Library Special Revenue Fund	712,953	544
	<hr/>	<hr/>
<b>Total Major Funds</b>	1,333,545	1,969,118
	<hr/>	<hr/>
<b>Nonmajor Funds</b>		
Special Revenue Fund:		
Cascade Dam Major Repair Fund:		
General Fund	20,000	—
Debt Service Funds:		
1988-A Fund:		
Improvement Revolving Special Revenue Fund	17,373	—
Building Authority Fund:		
General Fund	240,955	—
Fire Special Revenue Fund	95,941	—
Library Special Revenue Fund	210,614	—
Capital Projects Fund:		
Openspace Preservation Fund:		
General Fund	45,000	—
Permanent Fund:		
Cemetery Perpetual Care Fund:		
General Fund	5,690	—
	<hr/>	<hr/>
<b>Total Nonmajor Funds</b>	635,573	—
	<hr/>	<hr/>
<b>Total</b>	\$ 1,969,118	\$ 1,969,118
	<hr/>	<hr/>

The General Fund transfer to the Fire Special Revenue Fund was made to pay the amount budgeted for 2006 to support Township fire expenditures. The General Fund transfer to the Cemetery Perpetual Care fund was made to pay the agreed-upon portion of cemetery fees collected in 2006. The General Fund transfer to Dam Major Repair Fund was made to maintain a previously agreed-on level of fund balance in the Dam Major Repair Fund. The General Fund transfer to the Open Spaces Preservation was made to pay the previously agreed-on annual amount to fund future capital outlays. The Library Special Revenue Fund transferred \$712,953 and the General Fund transferred \$80,000 to fund a major portion of the addition to the Cascade Library.

All of the transfers to the Debt Service Funds were made to fund required 2006 principal and interest payments.



**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

**Note E – General Fixed Assets**

Capital asset activity for the year ended December 31, 2006 was as follows:

**Primary Government**

	<b>Balances Jan. 1, 2006</b>	<b>Additions</b>	<b>Sales/ Retirements</b>	<b>Balances Dec. 31, 2006</b>
<b>Governmental Activities</b>				
Capital assets not depreciated:				
Land	\$ 3,918,895	\$ -	\$ -	\$ 3,918,895
Construction in progress	1,617,198		1,617,198	-
Capital assets being depreciated:				
Land improvements	6,681,921	81,080	-	6,763,001
Buildings and improvements	5,802,794	2,401,127	-	8,203,921
Furniture and equipment	523,857	282,134	5,000	800,991
Vehicles	1,546,397	32,015		1,578,412
	<u>20,091,062</u>	<u>\$2,796,356</u>	<u>\$ 1,622,198</u>	<u>21,265,220</u>
Totals at historical cost				
	<u>20,091,062</u>	<u>\$2,796,356</u>	<u>\$ 1,622,198</u>	<u>21,265,220</u>
Less accumulated depreciation for:				
Land improvements	1,436,304	\$ 335,548	\$ -	1,771,852
Buildings and improvements	1,243,656	196,708	-	1,440,364
Furniture and equipment	170,245	72,766	1,500	241,511
Vehicles	596,746	92,798	-	689,544
	<u>3,446,951</u>	<u>\$ 697,820</u>	<u>\$ 1,500</u>	<u>4,143,271</u>
Totals at historical cost				
	<u>3,446,951</u>	<u>\$ 697,820</u>	<u>\$ 1,500</u>	<u>4,143,271</u>
<b>Net Capital Assets - Governmental Activities</b>	<u>\$ 16,644,111</u>			<u>\$ 17,121,949</u>

Depreciation expense was charged to Township activities as follows:

General government	\$ 77,362
Public safety	125,180
Recreation and cultural	495,277
	<u>\$ 697,820</u>

**Discretely Presented Component Unit**

Capital asset activity for the Downtown Development Authority (DDA) for the year ended December 31, 2006 was as follows:

	<b>Balances Jan. 1, 2006</b>	<b>Additions</b>	<b>Sales/ Retirements</b>	<b>Balances Dec. 31, 2006</b>
Capital assets not depreciated:				
Land	\$ 59,366	\$ -	\$ -	\$ 59,366
Capital assets being depreciated:				
Land improvements	2,534,906	137,610	-	2,672,516
Totals at historical cost	2,594,272	137,610	-	2,731,882
Less accumulated depreciation	659,800	\$ 106,901	\$ -	766,701
<b>Net DDA Capital Assets</b>	<u>\$ 1,934,472</u>			<u>\$ 1,965,181</u>

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

**Note F – Deferred Revenue/Special Assessments Receivable**

Deferred revenue of the General and Fire, Police, Library and Pathways Special Revenue Funds represents 2006 property tax levies that became due December 31, 2006, and are levied for 2006 operations.

Deferred revenue of the Improvement Revolving Special Revenue and Debt Service Funds represents the uncollected balances of special assessment rolls levied on benefiting water and sewer customers in the Township. As these special assessments are collected, they are recognized as revenues and credited at that time to fund balances.

**Note G –Long-Term Debt**

Amounts available and to be provided for long-term debt at December 31, 2006 are summarized as follows:

	<u>Bond Issues</u>	<u>Municipal Purchase Notes</u>	<u>Installment Purchase Agreements</u>	<u>Accumulated Vacation Pay</u>	<u>Total</u>
<b><u>Primary Government</u></b>					
<b>Amounts Available For Retirement Of Long-Term Debt</b>					
Debt Service Funds	\$ 98,070	\$ -	\$ -	\$ -	\$ 98,070
<b>Amounts To Be Provided For Retirement of Long-Term Debt:</b>					
General Fund	1,438,462	715,000	46,808	23,139	2,223,409
Special Revenue Funds:					
Fire Fund	715,617	-	232,943	-	948,560
Improvement Revolving Fund	2,225,000	-	-	-	2,225,000
Library Fund	1,570,921	-	-	-	1,570,921
Pathways Fund	1,515,000	2,740,000	-	-	4,255,000
Debt Service Funds	46,930	-	-	-	46,930
<b>Total Primary Government</b>	<u>7,610,000</u>	<u>3,455,000</u>	<u>279,751</u>	<u>23,139</u>	<u>11,367,890</u>
<b><u>Discretely Presented Component Units</u></b>					
<b>Amounts To Be Provided For Retirement of Long-Term Debt</b>					
Downtown Development Authority	<u>1,140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,140,000</u>
<b>Total Amounts Available and To Be Provided</b>	<u><u>\$8,750,000</u></u>	<u><u>\$3,455,000</u></u>	<u><u>\$ 279,751</u></u>	<u><u>\$ 23,139</u></u>	<u><u>\$12,507,890</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

Changes in long-term debt for the year ended December 31, 2006 are summarized as follows:

	<b>Debt Outstanding Jan. 1, 2006</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding Dec. 31, 2006</b>
<b><u>Primary Government</u></b>				
<b>Bond Issues</b>				
General obligation:				
March 19, 1996	\$ 190,000	\$ -	\$ 60,000	\$ 130,000
September 26, 2002	970,000	-	-	970,000
September 26, 2002	805,000	-	70,000	735,000
November 19, 2002	1,505,000	-	145,000	1,360,000
January 12, 2005	560,000	-	15,000	545,000
Building Authority:				
May 1, 1994	285,000	-	25,000	260,000
February 1, 1997	465,000	-	70,000	395,000
February 5, 2003 (General)	860,022	-	76,560	783,462
February 5, 2003 (Fire)	785,547	-	69,930	715,617
February 5, 2003 (Library)	1,724,431	-	153,510	1,570,921
Special assessment:				
July 1, 1988	42,000	-	14,000	28,000
July 1, 1995	128,000	-	11,000	117,000
<b>Municipal Purchase Notes</b>				
Pedestrian Pathways:				
November 1, 1999	1,115,000	-	100,000	1,015,000
November 14, 2000	1,110,000	-	90,000	1,020,000
March 6, 2002	760,000	-	55,000	705,000
Leslie E. Tassell Park:				
March 6, 2002 (General)	770,000	-	55,000	715,000
<b>Installment Purchase Agreements</b>				
Vehicles:				
April 20, 2001	20,956	-	20,956	-
December 22, 2004	48,508	-	15,613	32,895
December 22, 2004	20,516	-	6,603	13,913
December 29, 2005	258,825	-	25,882	232,943
<b>Accumulated Vacation Pay</b>	<u>21,328</u>	<u>78,960</u>	<u>77,149</u>	<u>23,139</u>
<b>Total Primary Government</b>	<u>12,445,133</u>	<u>78,960</u>	<u>1,156,203</u>	<u>11,367,890</u>
<b><u>Discretely Presented Component Units</u></b>				
<b>Bond Issues</b>				
Tax Increment Financing Authority:				
December 1, 2000	1,195,000	-	55,000	1,140,000
<b>Total Long-Term Debt</b>	<u><u>\$13,640,133</u></u>	<u><u>\$ 78,960</u></u>	<u><u>\$1,211,203</u></u>	<u><u>\$12,507,890</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

Long-term bonds, notes and installment purchase agreements at December 31, 2006 are comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b><u>Primary Government</u></b>				
<b>General Obligation Bonds</b>				
\$650M 1996 Refunding :				
Annual maturities of \$65M	Dec. 1, 2008	4.80	\$ 130,000	\$ 65,000
\$970M 2002 Pathways Improvement :				
Annual maturities of \$5M to \$290M	Nov. 1, 2017	3.20 - 4.20	970,000	-
\$955M 2002 Water & Sewer Improvement :				
Annual maturities of \$75M to \$80M	Nov. 1, 2017	3.00 - 4.20	735,000	75,000
\$1,935M 2002 Refunding :				
Annual maturities of \$150M to \$190M	Dec. 1, 2014	3.00 - 4.00	1,360,000	150,000
\$560M 2005 Pathways Improvement :				
Annual maturities of \$30M to \$60M	Nov. 1, 2017	2.80 - 4.10	545,000	30,000
<b>Building Authority Bonds</b>				
\$465M 1994 Township Real Property Acquisition :				
Annual maturities of \$25M to \$40M	May 1, 2014	6.10 - 6.25	260,000	25,000
\$950M 1997 Township Hall Remodeling :				
Annual maturities of \$70M to \$85M	Dec. 1, 2011	4.95 - 5.25	395,000	70,000
\$1,060M 2003 Township Capital Outlay Refunding:				
Annual maturities of \$24M to \$108M	Aug. 1, 2016	2.50 - 4.00	783,462	76,560
\$969M 2003 Fire Station Refunding:				
Annual maturities of \$22M to \$99M	Aug. 1, 2016	2.50 - 4.00	715,617	69,930
\$2,126M 2003 Library Building Refunding:				
Annual maturities of \$49M to \$217M	Aug. 1, 2016	2.50 - 4.00	1,570,921	153,510
<b>Special Assessment Bonds</b>				
\$350M 1988A Water and Sewer Improvement :				
Annual maturities of \$14M	Oct. 1, 2008	7.80	28,000	14,000
\$238M 1995 Water and Sewer Improvement:				
Annual maturities of \$13M	July 1, 2015	5.50 - 5.95	117,000	13,000
<b>Municipal Purchase Notes</b>				
\$1,640M 1999 Pathways Improvement :				
Annual maturities of \$105M to \$150M	Nov. 1, 2014	4.90 - 5.40	1,015,000	105,000
\$1,505M 2000 Pathways Improvement :				
Annual maturities of \$95M to \$135M	Nov. 1, 2015	4.70 - 5.25	1,020,000	95,000
\$965M 2002 Pathways Improvement :				
Annual maturities of \$60M to \$85M	Nov. 1, 2016	3.55 - 4.70	705,000	60,000
\$980M 2002 Tassell Park Improvement :				
Annual maturities of \$60M to \$85M	Nov. 1, 2016	3.55 - 4.70	715,000	60,000

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>Installment Purchase Agreements</b>				
\$64M 2004 Vehicle Purchase:				
Annual maturities of \$16,163 to \$16,732	Nov. 1, 2008	3.49	\$ 32,895	\$ 16,163
\$27M 2004 Vehicle Purchase:				
Annual maturities of \$6,836 to \$7,077	Nov. 1, 2008	3.49	13,913	6,836
\$259M 2005 Vehicle Purchase:				
Annual maturities of \$25,882	June 1, 2015	4.20	232,943	25,883
<b>Total Primary Government</b>			<u>11,344,751</u>	<u>1,110,882</u>
<b><u>Discretely Presented Component Units</u></b>				
<b>Tax Increment Financing Authority Bonds</b>				
\$1,300M 2000 DDA Development:				
Annual maturities of \$60M to 110M	May 1, 2020	4.75 - 5.25	<u>1,140,000</u>	<u>60,000</u>
<b>Total Long-Term Debt</b>			<u><u>\$12,484,751</u></u>	<u><u>\$1,170,882</u></u>

The General Obligation Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded by ad valorem property tax levies, investment earnings and hookup charges.

The Building Authority Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded by ad valorem property tax levies and lease payments from the Township.

The Special Assessment Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded through special assessments levied against properties deemed to benefit from these public improvements.

The Municipal Purchase Notes are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded by ad valorem property tax levies and investment earnings.

The Installment Purchase Agreements will be repaid by the Fire Special Revenue Fund of the Township. Debt service requirements are funded by ad valorem property tax levies and investment earnings.

The accumulated vacation pay liability will be liquidated by the Township's General Fund and Fire and Inspections Special Revenue Funds.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

The annual requirements to pay principal and interest on long-term bonds and notes outstanding for the Primary Government are as follows:

<b>Year Ended December 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$ 1,110,882	\$ 461,310	\$ 1,572,192
2008	1,136,691	420,526	1,557,217
2009	1,078,883	376,855	1,455,738
2010	1,138,882	335,430	1,474,312
2011	1,198,883	290,000	1,488,883
2012	1,203,882	240,715	1,444,597
2013	1,263,883	190,686	1,454,569
2014	1,373,882	136,642	1,510,524
2015	753,883	78,423	832,306
2016	655,000	45,776	700,776
2017	430,000	18,000	448,000
	<u>\$ 11,344,751</u>	<u>\$ 2,594,363</u>	<u>\$ 13,939,114</u>

The annual requirements to pay principal and interest on long-term bonds outstanding for the Component Unit (Downtown Development Authority) are as follows:

<b>Year Ended December 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$ 60,000	\$ 57,650	\$ 117,650
2008	60,000	54,800	114,800
2009	65,000	51,950	116,950
2010	65,000	48,862	113,862
2011	70,000	45,776	115,776
2012	75,000	42,416	117,416
2013	80,000	38,664	118,664
2014	80,000	34,664	114,664
2015	85,000	30,586	115,586
2016	90,000	26,250	116,250
2017	95,000	21,526	116,526
2018	100,000	16,538	116,538
2019	105,000	11,288	116,288
2020	110,000	5,772	115,772
	<u>\$ 1,140,000</u>	<u>\$ 486,742</u>	<u>\$ 1,626,742</u>

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

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**Note H – Retirement Plans**

As of March 1, 2004, the Township joined the agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, non-duty and duty death allowances and post-retirement adjustments to plan members and their beneficiaries. The most recent period for which actuarial data was available was as of December 31, 2005.

MERS was organized pursuant to Section 12a of Act 156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a), as amended, State of Michigan. MERS is regulated under Act 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplemental information for the retirement system. That report may be obtained by writing to Municipal Employees Retirement System of Michigan, 447 Canal Road, Lansing, MI 48917-9755.

MERS members are required to contribute an amount varying from 0.0% to 5.0% depending upon which plan they fall under. Township employee contributions for 2006 were 3.29% of covered payroll. The Township is required to contribute at an actuarially determined rate; the current rates are 0.0% to 134.30% of annual covered payroll depending on the plan. Cascade Township contributed 11.96% of covered payroll in 2006. The contribution requirements of plan members and the commission are established and may be amended by MERS.

For the year ended December 31, 2006, the Township's contributions totaling \$255,809 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2004. Employee contributions totaled \$70,369. The employer contribution rate has been determined using the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used included (a) 8.0% long-term net investment rate of return, (b) projected salary increases of 4.50% per year plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases and (c) 4.50% per year cost-of-living adjustments. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Trend information for the Cascade Township MERS pension plan using the entry age normal actuarial method is presented as follows:

<b>Year Ended December 31</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2004	\$151,435	100%	—
2005	207,204	100%	—
2006	255,809	100%	—

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2006**

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Actuarial accrued liabilities are presented as follows:

<b>Year Ended December 31</b>	<b>Accrued Liabilities</b>	<b>Valuation Assets</b>	<b>Funded Percent</b>	<b>Unfunded Accrued Liability</b>	<b>UAL as Percent of Annual Payroll</b>
2004	\$3,689,877	\$2,105,082	59%	\$1,524,795	90%
2005	4,154,374	2,508,939	60%	1,645,435	80%

The Township has also maintained participation in a deferred contributors pension plan for four trustees, the supervisor and department head, administered through an insurance company. Township contributions at 11.96% of wages totaled \$105,042 for 2006.

### **Note I – Lease Agreement**

The Township entered into a renewed agreement in 2005, which provides for the leasing of the Cascade Dam to a private company for the purpose of generating and selling hydroelectric power. The lease term is fourteen years (through 2018) with annual base rentals of \$60,000 plus an annual maintenance reserve fee of \$5,000, which will be collected by the Township General Fund. Twenty-five percent of this revenue (\$15,000) plus the \$5,000 maintenance reserve fee is set aside each year in the Cascade Dam Major Repair Fund. At December 31, 2006, the Cascade Dam Major Repair Fund had accumulated \$269,785.

### **Note J – Contingencies**

The Township is a defendant in a case pending in the Michigan Court of Appeals. This case involves the appeal of a denial of a rezoning to allow a mineral extraction operation in the Township. While the complaint originally sought reversal of the Township's zoning decision, there is also a count for damages in excess of \$5 million. At trial, plaintiff only pursued the damage claim. Legal counsel is monitoring this litigation on behalf of the Township since the Township insurance carrier could refuse to pay a judgment if that judgment is based upon an unlawful taking of property by the Township.



## **SUPPLEMENTAL INFORMATION**

## **GENERAL FUND**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Comparative Balance Sheet**  
**December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 3,040,282	\$ 2,656,573
Receivables:		
Taxes	1,436,971	1,361,696
Accounts	3,390	7,698
Due from other funds	66,561	48,831
Due from other governmental units	189,830	169,484
<b>Total Assets</b>	<u><u>\$ 4,737,034</u></u>	<u><u>\$ 4,244,282</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 44,571	\$ 59,664
Deferred revenue	1,436,971	1,361,696
<b>Total Liabilities</b>	<u>1,481,542</u>	<u>1,421,360</u>
<b>Fund Balances</b>		
Unreserved:		
Designated for capital outlay	51,019	51,019
Undesignated	3,204,473	2,771,903
<b>Total Fund Balances</b>	<u>3,255,492</u>	<u>2,822,922</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 4,737,034</u></u>	<u><u>\$ 4,244,282</u></u>

**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended December 31, 2006 and 2005**

	2006	2005
Taxes:		
Current property taxes	\$ 1,237,833	\$ 1,167,807
Hydrant rental assessment	34,570	35,066
Street lighting assessment	64,584	61,151
Delinquent property taxes	2,831	7,907
Industrial facilities taxes	22,966	27,006
Interest and penalties on taxes	12,177	29,414
Tax administration fees	529,420	499,011
	<u>1,904,381</u>	<u>1,827,362</u>
Licenses and permits:		
Cablevision fees	196,676	177,797
Soil erosion fees	20,481	23,980
Dog licenses	354	213
Other permits	520	540
	<u>218,031</u>	<u>202,530</u>
State sources:		
Sales taxes	1,037,224	1,037,555
PA 48/Metro Authority	12,814	50,075
Other state shared revenue	-	3,771
	<u>1,050,038</u>	<u>1,091,401</u>
Charges for services:		
Planning and zoning fees	41,292	46,865
Summer tax collection fees	25,132	24,550
P.A. 198 tax application fees	7,000	4,660
Yard waste tag fees	3,459	3,300
Sewer and water implementation fees	64,867	57,737
Grave openings	12,150	9,050
Cemetery care fees	4,040	4,170
Passport application fees	32,880	22,620
Sale of printed materials	321	534
	<u>191,141</u>	<u>173,486</u>
Interest and rentals:		
Interest on deposits and investments	241,335	158,566
Rental income	128,448	140,162
	<u>369,783</u>	<u>298,728</u>
Other revenue:		
Sale of assets	6,878	725
Contributions	64,750	20,200
Interfund reimbursements	45,296	55,808
Park income	6,010	3,740
Reimbursements	12,308	56,468
Refunds and rebates	7,630	12,690
Other	8,623	564
	<u>151,495</u>	<u>150,195</u>
<b>Total Revenues</b>	<u><u>\$ 3,884,869</u></u>	<u><u>\$ 3,743,702</u></u>

**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended December 31, 2006 and 2005**

	2006	2005
Current:		
General government:		
Township board:		
Personnel services	\$ 18,828	\$ 18,280
Other services and charges	12,374	12,409
	<u>31,202</u>	<u>30,689</u>
Supervisor:		
Personnel services	5,279	5,125
Other services and charges	373	25
	<u>5,652</u>	<u>5,150</u>
Manager:		
Personnel services	135,174	131,236
Other services and charges	8,595	8,360
	<u>143,769</u>	<u>139,596</u>
Clerk:		
Personnel services	101,781	99,997
Other services and charges	2,343	3,605
Capital outlay	437	-
	<u>104,561</u>	<u>103,602</u>
Board of review:		
Personnel services	2,237	1,625
Treasurer:		
Personnel services	104,307	89,063
Other services and charges	6,567	19,328
	<u>110,874</u>	<u>108,391</u>
Assessor:		
Personnel services	141,864	147,871
Supplies	499	470
Other services and charges	22,999	28,012
	<u>165,362</u>	<u>176,353</u>
Elections:		
Personnel services	5,347	1,019
Supplies	1,269	4,413
Other services and charges	15,530	3,508
	<u>22,146</u>	<u>8,940</u>
General administration:		
Personnel services	60,937	57,481
Supplies	18,806	22,975
Other services and charges	374,078	392,635
Capital outlay	4,291	6,582
	<u>458,112</u>	<u>479,673</u>
Buildings and grounds:		
Personnel services	156,198	208,248
Supplies	1,129	1,123
Other services and charges	212,512	132,190
Capital outlay	128	3,636
	<u>369,967</u>	<u>345,197</u>
Cemetery:		
Supplies	-	32
Other services and charges	12,921	27,496
	<u>12,921</u>	<u>27,528</u>
Total general government	<u>1,426,803</u>	<u>1,426,744</u>

(Continued)

**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended December 31, 2006 and 2005**

	2006	2005
Public safety:		
Planning:		
Personnel services	\$ 120,711	\$ 131,285
Supplies	-	126
Other services and charges	13,171	13,469
Total public safety	<u>133,882</u>	<u>144,880</u>
Public works:		
Drains:		
Other services and charges	14,923	17,976
Highways, streets and bridges:		
Capital outlay	290,005	348,141
Street lighting:		
Other services and charges	102,056	87,527
Capital outlay	3,926	3,218
	<u>105,982</u>	<u>90,745</u>
Hydrant rental:		
Other services and charges	37,800	36,720
Sanitation services:		
Other services and charges	29,309	35,793
Total public works	<u>478,019</u>	<u>529,375</u>
Recreation and cultural:		
Parks and recreation:		
Supplies	2,105	924
Other services and charges	68,335	60,286
Capital outlay	112,474	125,595
	<u>182,914</u>	<u>186,805</u>
Historical:		
Supplies	2,231	1,709
Total recreation and cultural	<u>185,145</u>	<u>188,514</u>
Other township:		
Personal services	275,672	258,726
Other services and charges	132,679	162,516
Total other township	<u>408,351</u>	<u>421,242</u>
Capital outlay	55,916	52,624
Debt service:		
Principal repayment	77,216	76,903
Interest and fiscal charges	35,370	38,320
Total debt service	<u>112,586</u>	<u>115,223</u>
<b>Total Expenditures</b>	<u><u>\$ 2,800,702</u></u>	<u><u>\$ 2,878,602</u></u>

## **NONMAJOR GOVERNMENTAL FUNDS**

**CASCADE CHARTER TOWNSHIP**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2006**

	Special Revenue		Debt Service	
	Dam Major Repair	HAZMAT	1988-A	1995-A
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 292,942	\$ 44,464	\$ 1,317	\$ 95,212
Special assessments receivable	-	-	1,541	7,520
<b>Total Assets</b>	<u>\$ 292,942</u>	<u>\$ 44,464</u>	<u>\$ 2,858</u>	<u>\$ 102,732</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 23,157	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	7,520
<b>Total Liabilities</b>	<u>23,157</u>	<u>-</u>	<u>-</u>	<u>7,520</u>
<b>Fund Balances</b>				
Reserved for:				
Debt service	-	-	2,858	95,212
Unreserved:				
Designated	269,785	-	-	-
Undesignated	-	44,464	-	-
<b>Total Fund Balances</b>	<u>269,785</u>	<u>44,464</u>	<u>2,858</u>	<u>95,212</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 292,942</u>	<u>\$ 44,464</u>	<u>\$ 2,858</u>	<u>\$ 102,732</u>



Capital Projects Open Space Preservation	Permanent Cemetery Perpetual Care	Total
\$ 488,838	\$ 52,281	\$ 975,054
-	-	9,061
<u>\$ 488,838</u>	<u>\$ 52,281</u>	<u>\$ 984,115</u>
\$ -	\$ -	\$ 23,157
-	-	7,520
<u>-</u>	<u>-</u>	<u>30,677</u>
-	-	98,070
488,838	52,281	810,904
<u>-</u>	<u>-</u>	<u>44,464</u>
<u>488,838</u>	<u>52,281</u>	<u>953,438</u>
<u>\$ 488,838</u>	<u>\$ 52,281</u>	<u>\$ 984,115</u>

**CASCADE CHARTER TOWNSHIP**  
**Nonmajor Governmental Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended December 31, 2006**

	Special Revenue		Debt Service	
	Dam Major Repair	HAZMAT	1988-A	1995-A
<b>Revenues</b>				
Charges for services	\$ -	\$ 9,000	\$ -	\$ -
Interest and rentals	11,333	1,978	698	5,337
Other	-	-	-	5,170
<b>Total Revenues</b>	<b>11,333</b>	<b>10,978</b>	<b>698</b>	<b>10,507</b>
<b>Expenditures</b>				
Current:				
General government	33,472	-	-	-
Public safety	-	4,875	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	14,000	11,000
Interest and fiscal charges	-	-	3,669	7,324
<b>Total Expenditures</b>	<b>33,472</b>	<b>4,875</b>	<b>17,669</b>	<b>18,324</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(22,139)</b>	<b>6,103</b>	<b>(16,971)</b>	<b>(7,817)</b>
<b>Other Financing Sources</b>				
Transfers in	20,000	-	17,373	-
<b>Net Change in Fund Balances</b>	<b>(2,139)</b>	<b>6,103</b>	<b>402</b>	<b>(7,817)</b>
<b>Fund Balances, January 1</b>	<b>271,924</b>	<b>38,361</b>	<b>2,456</b>	<b>103,029</b>
<b>Fund Balances, December 31</b>	<b>\$ 269,785</b>	<b>\$ 44,464</b>	<b>\$ 2,858</b>	<b>\$ 95,212</b>

Building Authority	Capital Projects Open Space Preservation	Permanent Cemetery Perpetual Care	Total
\$ -	\$ -	\$ -	\$ 9,000
-	19,059	2,223	40,628
-	54,264	-	59,434
-	73,323	2,223	109,062
-	-	2,461	35,933
-	-	-	4,875
-	3,115	-	3,115
395,000	-	-	-
152,510	-	-	420,000
547,510	3,115	2,461	163,503
(547,510)	70,208	(238)	627,426
547,510	45,000	5,690	(518,364)
-	115,208	5,452	635,573
-	373,630	46,829	117,209
\$	\$ 488,838	\$ 52,281	836,229
			\$ 953,438

**CASCADE CHARTER TOWNSHIP**  
**Cascade Dam Major Repair Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2006**

	Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Interest and rentals	\$ 5,626	\$ 11,333	\$ 5,707
<b>Expenditures</b>			
Current:			
General government	120,000	33,472	86,528
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(114,374)	(22,139)	92,235
<b>Other Financing Sources</b>			
Transfers in	20,000	20,000	-
<b>Net Change in Fund Balances</b>	(94,374)	(2,139)	92,235
<b>Fund Balances, January 1</b>	271,924	271,924	-
<b>Fund Balances, December 31</b>	\$ 177,550	\$ 269,785	\$ 92,235

**CASCADE CHARTER TOWNSHIP**  
**HAZMAT Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2006**

	Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>			
Charges for services	\$ 9,000	\$ 9,000	\$ -
Interest and rentals	380	1,978	1,598
<b>Total Revenues</b>	<u>9,380</u>	<u>10,978</u>	<u>1,598</u>
<b>Expenditures</b>			
Current:			
Public safety	15,000	4,875	10,125
<b>Net Change in Fund Balances</b>	<u>(5,620)</u>	<u>6,103</u>	<u>11,723</u>
<b>Fund Balances, January 1</b>	<u>38,361</u>	<u>38,361</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 32,741</u></u>	<u><u>\$ 44,464</u></u>	<u><u>\$ 11,723</u></u>

## **SPECIAL REVENUE FUNDS**

*Fire* —to accumulate property tax revenues and interest earnings to maintain the Township Fire Department.

*Police* —to accumulate property tax revenues and interest earnings to support law enforcement in the Township.

*Improvement Revolving* —to accumulate collections of special assessments (hookup fees) for connection to the water and sewer system to be used for sewer and water extension projects.

*Cascade Dam Major Repair* —to accumulate a portion of rental fees reserved from the Cascade Dam operation to be used for major repairs or renovations to the Dam.

*Library* —to accumulate property tax revenues, interest earnings and contributions to be used for library operation and debt service purposes.

*Pathways* —to accumulate property tax revenues and interest earnings to be used for the construction, improvement, maintenance and debt service of the Township pedestrian pathways system.

*Inspections* —to accumulate permit fees to be used for the operation of the Township inspection department.

*HAZMAT* —to accumulate HAZMAT fees from other units to be used for the disposal of hazardous materials.

**CASCADE CHARTER TOWNSHIP**  
**Fire Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 1,046,051	\$ 724,365
Taxes receivable	1,797,962	1,709,522
Prepaid expenditures	<u>-</u>	<u>67</u>
<b>Total Assets</b>	<u><u>\$ 2,844,013</u></u>	<u><u>\$ 2,433,954</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 17,215	\$ 6,530
Due to other funds	21,248	16,648
Deferred revenue	<u>1,797,962</u>	<u>1,709,522</u>
<b>Total Liabilities</b>	<u>1,836,425</u>	<u>1,732,700</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>1,007,588</u>	<u>701,254</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 2,844,013</u></u>	<u><u>\$ 2,433,954</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Fire Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2006 and 2005**

	2006	2005
<b>Revenues</b>		
Taxes:		
Current property taxes	\$ 1,675,598	\$ 1,580,811
Delinquent property taxes	3,132	5,523
Industrial facilities taxes	30,740	36,556
Penalties and interest on taxes	220	156
Total taxes	1,709,690	1,623,046
Federal sources:		
Homeland security grant	-	19,296
Fines and forfeitures:		
District court fines	347	3,208
Interest and rentals:		
Interest on deposits and investments	72,809	36,486
Other revenue:		
Sale of assets	2,695	259
Donations	6,265	1,600
Refunds and rebates	1,500	630
Other	310	504
Total other revenue	10,770	2,993
<b>Total Revenues</b>	1,793,616	1,685,029
<b>Expenditures</b>		
Current:		
Public safety:		
Fire department:		
Personnel services	1,425,010	1,286,500
Supplies	39,531	33,337
Other services and charges	205,699	195,110
Capital outlay	63,570	440,415
Total fire department	1,733,810	1,955,362
Debt service:		
Principal repayment	46,839	19,866
Interest and fiscal charges	10,692	2,241
Total debt service	57,531	22,107
<b>Total Expenditures</b>	1,791,341	1,977,469
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,275	(292,440)
<b>Other Financing Sources (Uses)</b>		
Loan proceeds	-	258,825
Transfers in	400,000	400,000
Transfers out	(95,941)	(95,300)
<b>Total Other Financing Sources (Uses)</b>	304,059	563,525
<b>Net Change in Fund Balances</b>	306,334	271,085
<b>Fund Balances, January 1</b>	701,254	430,169
<b>Fund Balances, December 31</b>	\$ 1,007,588	\$ 701,254



**CASCADE CHARTER TOWNSHIP**  
**Police Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 1,328,855	\$ 1,234,431
Taxes receivable	651,104	619,075
Due from other funds	<u>4,529</u>	<u>3,549</u>
<b>Total Assets</b>	<u><u>\$ 1,984,488</u></u>	<u><u>\$ 1,857,055</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to other governmental units	\$ 71,140	\$ 44,813
Deferred revenue	<u>651,104</u>	<u>619,075</u>
<b>Total Liabilities</b>	<u>722,244</u>	<u>663,888</u>
<b>Fund balances</b>		
Unreserved:		
Undesignated	<u>1,262,244</u>	<u>1,193,167</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 1,984,488</u></u>	<u><u>\$ 1,857,055</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Police Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2006 and 2005**

	2006	2005
<b>Revenues</b>		
Taxes:		
Current property taxes	\$ 606,792	\$ 572,465
Delinquent property taxes	1,372	3,180
Industrial facilities taxes	11,130	13,239
Penalties and interest on taxes	121	83
Total taxes	619,415	588,967
Interest and rentals:		
Interest on deposits and investments	62,329	43,911
Other revenue:		
Donations	1,750	-
<b>Total Revenues</b>	683,494	632,878
<b>Expenditures</b>		
Current:		
Law enforcement:		
Other services and charges	614,417	610,665
<b>Net Change in Fund Balances</b>	69,077	22,213
<b>Fund Balances, January 1</b>	1,193,167	1,170,954
<b>Fund Balances, December 31</b>	<u>\$ 1,262,244</u>	<u>\$ 1,193,167</u>

**CASCADE CHARTER TOWNSHIP**  
**Improvement Revolving Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 2,364,137	\$ 2,135,926
Accounts receivable	-	6,895
Special assessments receivable	2,692,057	2,635,912
Due from other funds	-	4,400
<b>Total Assets</b>	<u><u>\$ 5,056,194</u></u>	<u><u>\$ 4,783,133</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 12,606	\$ 7,560
Deferred revenue	<u>2,692,057</u>	<u>2,635,912</u>
<b>Total Liabilities</b>	<u>2,704,663</u>	<u>2,643,472</u>
<b>Fund Balances</b>		
Unreserved:		
Designated for capital outlay	<u>2,351,531</u>	<u>2,139,661</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 5,056,194</u></u>	<u><u>\$ 4,783,133</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Improvement Revolving Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2006 and 2005**

	2006	2005
<b>Revenues</b>		
Interest and rentals:		
Interest on deposits and investments	\$ 104,273	\$ 75,882
Interest on special assessments	6,262	8,875
Total interest and rentals	110,535	84,757
Other revenue:		
Special assessments	94,411	77,595
Contributions	122,925	-
Hookup fees	568,164	521,695
Miscellaneous	300	14,000
Total other revenue	785,800	613,290
<b>Total Revenues</b>	896,335	698,047
<b>Expenditures</b>		
Capital outlay	301,724	817,776
Debt service:		
Principal repayment	275,000	270,000
Interest and fiscal charges	90,368	99,248
Total debt service	365,368	369,248
<b>Total Expenditures</b>	667,092	1,187,024
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	229,243	(488,977)
<b>Other Financing Sources (Uses)</b>		
Transfers out	(17,373)	(17,778)
<b>Net Change in Fund Balances</b>	211,870	(506,755)
<b>Fund Balances, January 1</b>	2,139,661	2,646,416
<b>Fund Balances, December 31</b>	<u>\$ 2,351,531</u>	<u>\$ 2,139,661</u>

**CASCADE CHARTER TOWNSHIP**  
**Cascade Dam Major Repair Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2006 and 2005**

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	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	<u>\$ 292,942</u>	<u>\$ 271,924</u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ 23,157</u>	<u>\$ -</u>
<b>Fund Balances</b>		
Unreserved:		
Designated for dam major repair	<u>269,785</u>	<u>271,924</u>
 <b>Total Liabilities and Fund Balances</b>	<u><u>\$ 292,942</u></u>	<u><u>\$ 271,924</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Cascade Dam Major Repair Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Revenues</b>		
Interest and rentals:		
Interest on deposits and investments	<u>\$ 11,333</u>	<u>\$ 7,116</u>
<b>Expenditures</b>		
Current:		
Buildings and grounds:		
Other services and charges	<u>33,472</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(22,139)</u>	<u>7,116</u>
<b>Other Financing Sources</b>		
Transfers in	<u>20,000</u>	<u>20,000</u>
<b>Net Change in Fund Balances</b>	<u>(2,139)</u>	<u>27,116</u>
<b>Fund Balances, January 1</b>	<u>271,924</u>	<u>244,808</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 269,785</u></u>	<u><u>\$ 271,924</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Library Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 743,952	\$ 1,273,878
Taxes receivable	530,665	504,560
Due from other funds	3,691	2,893
Due from other governmental units	<u>5,478</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 1,283,786</u></u>	<u><u>\$ 1,781,331</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 2,610	\$ 770
Deferred revenue	<u>530,665</u>	<u>504,560</u>
<b>Total Liabilities</b>	<u>533,275</u>	<u>505,330</u>
<b>Fund Balances</b>		
Unreserved:		
Designated for capital outlay	-	400,000
Undesignated	<u>750,511</u>	<u>876,001</u>
<b>Total Fund Balances</b>	<u>750,511</u>	<u>1,276,001</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 1,283,786</u></u>	<u><u>\$ 1,781,331</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Library Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2006 and 2005**

	2006	2005
<b>Revenues</b>		
Taxes:		
Current property taxes	\$ 494,547	\$ 466,571
Delinquent property taxes	1,118	2,592
Industrial facilities taxes	9,073	10,790
Penalties and interest on taxes	99	68
Total taxes	504,837	480,021
Intergovernmental sources:		
Contributions	21,417	20,300
Interest and rentals:		
Interest on deposits and investments	42,004	61,697
Other revenue:		
Miscellaneous	499	-
<b>Total Revenues</b>	568,757	562,018
<b>Expenditures</b>		
Current:		
Recreation and cultural:		
Library:		
Supplies	3,196	3,286
Other services and charges	166,934	154,491
Capital outlay	1,094	6,898
<b>Total Expenditures</b>	171,224	164,675
<b>Excess of Revenues Over Expenditures</b>	397,533	397,343
<b>Other Financing Sources (Uses)</b>		
Transfers in	544	-
Transfers out	(923,567)	(1,522,206)
<b>Total Other Financing Sources (Uses)</b>	(923,023)	(1,522,206)
<b>Net Change in Fund Balances</b>	(525,490)	(1,124,863)
<b>Fund Balances, January 1</b>	1,276,001	2,400,864
<b>Fund Balances, December 31</b>	\$ 750,511	\$ 1,276,001



**CASCADE CHARTER TOWNSHIP**  
**Pathways Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 805,543	\$ 725,483
Taxes receivable	544,743	517,946
Due from other funds	<u>3,789</u>	<u>2,969</u>
<b>Total Assets</b>	<u><u>\$ 1,354,075</u></u>	<u><u>\$ 1,246,398</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to other governmental units	\$ -	\$ 6,589
Deferred revenue	<u>544,743</u>	<u>517,946</u>
<b>Total Liabilities</b>	<u>544,743</u>	<u>524,535</u>
 <b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>809,332</u>	<u>721,863</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 1,354,075</u></u>	<u><u>\$ 1,246,398</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Pathways Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2006 and 2005**

	2006	2005
<b>Revenues</b>		
Taxes:		
Current taxes	\$ 507,670	\$ 478,949
Delinquent taxes	1,148	2,660
Industrial facilities taxes	9,312	11,077
Penalties and interest on taxes	101	69
Total taxes	518,231	492,755
Interest and rentals:		
Interest on deposits and investments	48,545	24,075
<b>Total Revenues</b>	566,776	516,830
<b>Expenditures</b>		
Current:		
Recreation and cultural:		
Parks and recreation:		
Other services and charges	11,164	8,707
Capital outlay	2,741	32,624
Debt service:		
Principal repayment	260,000	235,000
Interest and fiscal charges	205,402	210,585
Total debt service	465,402	445,585
<b>Total Expenditures</b>	479,307	486,916
<b>Excess of Revenues Over Expenditures</b>	87,469	29,914
<b>Other Financing Sources</b>		
Bonds issued	-	560,000
<b>Net Change in Fund Balances</b>	87,469	589,914
<b>Fund Balances, January 1</b>	721,863	131,949
<b>Fund Balances, December 31</b>	\$ 809,332	\$ 721,863

**CASCADE CHARTER TOWNSHIP**  
**Inspections Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2006 and 2005**

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	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	<u>\$ 426,512</u>	<u>\$ 491,313</u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 13,507	\$ 8,148
Due to other funds	<u>-</u>	<u>4,500</u>
<b>Total Liabilities</b>	<u>13,507</u>	<u>12,648</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>413,005</u>	<u>478,665</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 426,512</u>	<u>\$ 491,313</u>

**CASCADE CHARTER TOWNSHIP**  
**Inspections Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2006 and 2005**

	2006	2005
<b>Revenues</b>		
Licenses and permits:		
Building permits	\$ 163,032	\$ 161,009
Electrical permits	57,921	69,291
Mechanical permits	60,678	67,920
Plumbing permits	32,037	40,920
Permits - other townships	624,943	632,256
Plan reviews	65,356	45,171
Contractor registration fees	7,567	8,510
Total licenses and permits	1,011,534	1,025,077
Interest and rentals:		
Interest on deposits and investments	17,820	10,729
Other revenue:		
Miscellaneous	1,625	1,106
<b>Total Revenues</b>	1,030,979	1,036,912
<b>Expenditures</b>		
Current:		
Public safety:		
Inspections:		
Personnel services	671,240	666,543
Supplies	7,544	10,165
Other services and charges	275,174	237,191
Capital outlay	2,633	17,026
<b>Total Expenditures</b>	956,591	930,925
<b>Excess of Revenues Over Expenditures</b>	74,388	105,987
<b>Other Financing Sources (Uses)</b>		
Transfers out	(140,048)	-
<b>Net Change in Fund Balances</b>	(65,660)	105,987
<b>Fund Balances, January 1</b>	478,665	372,678
<b>Fund Balances, December 31</b>	\$ 413,005	\$ 478,665

**CASCADE CHARTER TOWNSHIP  
HAZMAT Special Revenue Fund  
Comparative Balance Sheet  
December 31, 2006 and 2005**

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	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	<u>\$ 44,464</u>	<u>\$ 38,361</u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>44,464</u>	<u>38,361</u>
 <b>Total Liabilities and Fund Balances</b>	<u><u>\$ 44,464</u></u>	<u><u>\$ 38,361</u></u>

**CASCADE CHARTER TOWNSHIP**  
**HAZMAT Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Revenues</b>		
Charges for services:		
HAZMAT fees	\$ 9,000	\$ 12,000
Interest and rentals:		
Interest on deposits and investments	<u>1,978</u>	<u>1,005</u>
<b>Total Revenues</b>	<u>10,978</u>	<u>13,005</u>
<b>Expenditures</b>		
Current:		
Public safety:		
HAZMAT:		
Supplies	116	524
Other services and charges	3,014	1,515
Capital outlay	<u>1,745</u>	<u>490</u>
<b>Total Expenditures</b>	<u>4,875</u>	<u>2,529</u>
<b>Net Change in Fund Balances</b>	6,103	10,476
<b>Fund Balances, January 1</b>	<u>38,361</u>	<u>27,885</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 44,464</u></u>	<u><u>\$ 38,361</u></u>

## **DEBT SERVICE FUNDS**

To account for the payment of bonds sold to finance water and sewer construction projects and other Township improvements. Financing is provided by collections of charges imposed for connections, interest earnings and debt service transfers from Township funds.

**CASCADE CHARTER TOWNSHIP**  
**Debt Service Funds**  
**Combining Balance Sheet**  
**December 31, 2006**  
**With comparative totals for December 31, 2005**

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	<u>1988 - A</u>	<u>1995 - A</u>	<u>Building Authority</u>
<b>Assets</b>			
Cash equivalents, deposits and investments	\$ 1,317	\$ 95,212	\$ -
Special assessments receivable	<u>1,541</u>	<u>7,520</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 2,858</u></u>	<u><u>\$ 102,732</u></u>	<u><u>\$ -</u></u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Deferred revenue	<u>\$ -</u>	<u>\$ 7,520</u>	<u>\$ -</u>
<b>Fund Balances</b>			
Reserved for debt service	<u>2,858</u>	<u>95,212</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 2,858</u></u>	<u><u>\$ 102,732</u></u>	<u><u>\$ -</u></u>



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Totals	
2006	2005
\$ 96,529	\$ 103,158
9,061	15,017
<u>\$ 105,590</u>	<u>\$ 118,175</u>
\$ 7,520	\$ 12,690
98,070	105,485
<u>\$ 105,590</u>	<u>\$ 118,175</u>

**CASCADE CHARTER TOWNSHIP**  
**Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended December 31, 2006**  
**With comparative totals for the year ended December 31, 2005**

	<u>1988 - A</u>	<u>1995 - A</u>	<u>Building Authority</u>
<b>Revenues</b>			
Interest and rentals:			
Interest on deposits and investments	\$ 465	\$ 4,472	\$ -
Interest on special assessments	233	865	-
Total interest and rentals	<u>698</u>	<u>5,337</u>	<u>-</u>
Other revenue:			
Special assessments	<u>-</u>	<u>5,170</u>	<u>-</u>
<b>Total Revenues</b>	<u>698</u>	<u>10,507</u>	<u>-</u>
<b>Expenditures</b>			
Debt service:			
Principal repayment	14,000	11,000	395,000
Interest and fiscal charges	<u>3,669</u>	<u>7,324</u>	<u>152,510</u>
<b>Total Expenditures</b>	<u>17,669</u>	<u>18,324</u>	<u>547,510</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(16,971)</u>	<u>(7,817)</u>	<u>(547,510)</u>
<b>Other Financing Sources</b>			
Transfers in	<u>17,373</u>	<u>-</u>	<u>547,510</u>
<b>Net Change in Fund Balances</b>	402	(7,817)	-
<b>Fund Balances, January 1</b>	<u>2,456</u>	<u>103,029</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 2,858</u></u>	<u><u>\$ 95,212</u></u>	<u><u>\$</u></u>

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Totals	
2006	2005
\$ 4,937	3,436
1,098	1,558
6,035	4,994
5,170	6,110
11,205	11,104
420,000	401,000
163,503	176,971
583,503	577,971
(572,298)	(566,867)
564,883	556,965
(7,415)	(9,902)
105,485	115,387
\$ 98,070	\$ 105,485

## **CAPITAL PROJECTS FUNDS**

*Open Space Preservation* - to account for private and General Fund contributions for use in open space preservation.

*Library Construction* - to account for private and General Fund contributions for use in the construction of additions to the Library Learning Center.

**CASCADE CHARTER TOWNSHIP**  
**Open Space Preservation Capital Projects Fund**  
**Comparative Balance Sheet**  
**December 31, 2006 and 2005**

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	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	<u>\$ 488,838</u>	<u>\$ 373,630</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances</b>		
Unreserved:		
Designated for capital outlay	<u>488,838</u>	<u>373,630</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 488,838</u>	<u>\$ 373,630</u>

**CASCADE CHARTER TOWNSHIP**  
**Open Space Preservation Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Revenues</b>		
Interest and rentals:		
Interest on deposits and investments	\$ 19,059	\$ 9,369
Other revenue:		
Contributions	<u>54,264</u>	<u>45,000</u>
<b>Total Revenues</b>	<u>73,323</u>	<u>54,369</u>
<b>Expenditures</b>		
Capital outlay	<u>3,115</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	70,208	54,369
<b>Other Financing Sources</b>		
Transfers in	<u>45,000</u>	<u>45,000</u>
<b>Net Change in Fund Balances</b>	115,208	99,369
<b>Fund Balances, January 1</b>	<u>373,630</u>	<u>274,261</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 488,838</u></u>	<u><u>\$ 373,630</u></u>

**CASCADE CHARTER TOWNSHIP  
Library Construction Capital Projects Fund  
Comparative Balance Sheet  
December 31, 2006 and 2005**

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	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	<u>\$ -</u>	<u>\$ 439,969</u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ -</u>	<u>\$ 274,186</u>
<b>Fund Balances</b>		
Reserved:		
Capital outlay	<u>-</u>	<u>165,783</u>
 <b>Total Liabilities and Fund Balances</b>	<u><u>\$ -</u></u>	<u><u>\$ 439,969</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Library Construction Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Revenues</b>		
Interest and rentals:		
Interest on deposits and investments	\$ 7,849	\$ 15,196
Other revenue:		
Contributions	<u>67,995</u>	<u>254,785</u>
<b>Total Revenues</b>	<u>75,844</u>	<u>269,981</u>
<b>Expenditures</b>		
Capital outlay	<u>1,034,036</u>	<u>1,617,198</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(958,192)	(1,347,217)
<b>Other Financing Sources (Uses)</b>		
Transfers in	792,953	1,513,000
Transfers out	<u>(544)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>792,409</u>	<u>1,513,000</u>
<b>Net Change in Fund Balances</b>	(165,783)	165,783
<b>Fund Balances, January 1</b>	<u>165,783</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ -</u></u>	<u><u>\$ 165,783</u></u>



## **PERMANENT FUND**

*Cemetery Perpetual Care*—to accumulate cemetery revenues and interest earnings to be used for cemetery improvements.

**CASCADE CHARTER TOWNSHIP**  
**Cemetery Perpetual Care Fund**  
**Comparative Balance Sheet**  
**December 31, 2006 and 2005**

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	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	<u>\$ 52,281</u>	<u>\$ 46,829</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances</b>		
Unreserved:		
Designated for cemetery improvements	<u>52,281</u>	<u>46,829</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 52,281</u>	<u>\$ 46,829</u>

**CASCADE CHARTER TOWNSHIP**  
**Cemetery Perpetual Care Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Revenues</b>		
Interest and rentals:		
Interest on deposits and investments	<u>\$ 2,223</u>	<u>\$ 1,282</u>
<b>Expenditures</b>		
Current:		
Cemetery:		
Other services and charges	<u>2,461</u>	<u>1,555</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(238)</u>	<u>(273)</u>
<b>Other Financing Sources</b>		
Transfers in	<u>5,690</u>	<u>5,595</u>
<b>Net Change in Fund Balances</b>	<u>5,452</u>	<u>5,322</u>
<b>Fund Balances, January 1</b>	<u>46,829</u>	<u>41,507</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 52,281</u></u>	<u><u>\$ 46,829</u></u>

## **AGENCY FUNDS**

*Trust Account Agency*—to account for the collection of bonds and deposits and payment to the governmental units or other persons entitled to receive these funds.

*Tax Account Agency*—to account for the collection of current and delinquent property taxes and payment to the governmental units or other persons entitled to receive these funds.

**CASCADE CHARTER TOWNSHIP**  
**Agency Funds**  
**Combining Balance Sheet**  
**December 31, 2006**  
**With comparative totals for December 31, 2005**

	Trust Account	Tax Account	Totals	
			2006	2005
<b>Assets</b>				
Cash equivalents, deposits and investments	<u>\$ 143,670</u>	<u>\$5,592,272</u>	<u>\$5,735,942</u>	<u>\$6,527,286</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Due to other funds	\$ -	\$ 57,322	\$ 57,322	\$ 41,494
Due to other governmental units	-	5,534,950	5,534,950	6,247,688
Escrow deposits	<u>143,670</u>	<u>-</u>	<u>143,670</u>	<u>238,104</u>
<b>Total Liabilities</b>	<u>143,670</u>	<u>5,592,272</u>	<u>5,735,942</u>	<u>6,527,286</u>
<b>Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 143,670</u>	<u>\$5,592,272</u>	<u>\$5,735,942</u>	<u>\$6,527,286</u>

**CASCADE CHARTER TOWNSHIP**  
**All Agency Funds**  
**Combining Schedule of Changes in Assets and Liabilities**  
**For the year ended December 31, 2006**

	Balances January 1, 2006	Additions	Deductions	Balances December 31, 2006
<b>Trust Account Fund</b>				
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 238,104	\$ 96,459	\$ 190,893	\$ 143,670
<b>Liabilities</b>				
Escrow deposits	\$ 238,104	\$ 96,459	\$ 190,893	\$ 143,670
<b>Tax Account Fund</b>				
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 6,289,182	\$53,184,028	\$53,880,938	\$ 5,592,272
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 141,415	\$ 141,415	\$ -
Due to other funds	41,494	6,070,523	6,054,695	57,322
Due to other governmental units	6,247,688	46,972,090	47,684,828	5,534,950
<b>Total Liabilities</b>	\$ 6,289,182	\$53,184,028	\$53,880,938	\$ 5,592,272
<b>Totals - All Agency Funds</b>				
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 6,527,286	\$53,280,487	\$54,071,831	\$ 5,735,942
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 141,415	\$ 141,415	\$ -
Due to other funds	41,494	6,070,523	6,054,695	57,322
Due to other governmental units	6,247,688	46,972,090	47,684,828	5,534,950
Escrow deposits	238,104	96,459	190,893	143,670
<b>Total Liabilities</b>	\$ 6,527,286	\$53,280,487	\$54,071,831	\$ 5,735,942

## **OTHER INFORMATION**

**CASCADE CHARTER TOWNSHIP**  
**Summary of 2005 Taxes Levied and Collected**  
**For the year ended December 31, 2006**

	Taxable Valuation	Rate (Mills)	Taxes Levied	Returned Delinquent	Current * Collections
<b>Ad Valorem Taxes</b>					
<b>Kent County</b>					
Operating	\$1,325,165,857	5.3140	\$ 7,041,765	\$ 237,674	\$ 6,804,091
Drains	10,583,264		29,841	2,347	27,494
			<u>7,071,606</u>	<u>240,021</u>	<u>6,831,585</u>
<b>Kent District Library</b>	1,325,165,857	0.8800	1,166,109	45,495	1,120,614
<b>State Education Tax</b>					
Caledonia Community Schools	170,632,998	6.0000	1,023,796	12,304	1,011,492
Forest Hills Public Schools	1,127,056,408	6.0000	6,762,321	135,522	6,626,799
Lowell Area Schools	27,476,451	6.0000	164,858	6,528	158,330
			<u>7,950,975</u>	<u>154,354</u>	<u>7,796,621</u>
<b>School Districts</b>					
Kent Intermediate School District	1,325,165,857	4.6453	6,155,751	119,502	6,036,249
Grand Rapids Community College	1,325,165,857	1.7865	2,367,367	45,958	2,321,409
Caledonia Community Schools:					
Other	170,632,998	7.0000	1,194,427	21,148	1,173,279
Operating	140,048,001	18.0000	2,520,862	43,561	2,477,301
Forest Hills Public Schools:					
Other	1,127,056,408	7.6000	8,565,546	260,997	8,304,549
Operating	395,682,145	17.9424	7,099,466	248,701	6,850,765
Lowell Area Schools:					
Other	27,476,451	7.0000	192,333	9,451	182,882
Operating	5,852,795	16.9751	99,351	9,186	90,165
<b>Total School Districts</b>			<u>28,195,103</u>	<u>758,504</u>	<u>27,436,599</u>
<b>Cascade Charter Township</b>	1,325,165,857				
Operating		0.9716	1,287,490	50,231	1,237,259
Fire		1.3152	1,742,816	67,995	1,674,821
Police		0.4763	631,135	24,623	606,512
Library		0.3882	514,388	20,068	494,320
Pathways		0.3985	528,037	20,601	507,436
Street lighting assessments			64,233	5,310	58,923
Hydrant assessments			34,570	1,428	33,142
Delinquent special assessments			18,707	2,418	16,289
Tax administration fees			<u>491,969</u>	<u>13,923</u>	<u>478,046</u>
<b>Total Township</b>			<u>5,313,345</u>	<u>206,597</u>	<u>5,106,748</u>
<b>Total Ad Valorem Taxes</b>			<u>\$ 49,697,138</u>	<u>\$1,404,971</u>	<u>\$ 48,292,167</u>

(Continued)



**CASCADE CHARTER TOWNSHIP**  
**Summary of 2005 Taxes Levied and Collected**  
**For the year ended December 31, 2006**

<b>Tax Abatements</b>	<b>Taxable Valuation</b>	<b>Rate (Mills)</b>	<b>Taxes Levied</b>	<b>Returned Delinquent</b>	<b>Current * Collections</b>
<b>Industrial Facilities (P.A. 198) New</b>					
Kent County	\$ 46,747,195	2.65700	\$ 124,201	\$ -	\$ 124,201
Kent District Library	46,747,195	0.44000	20,569	-	20,569
State education tax:					
Caledonia Community Schools	23,877,572	6.00000	143,265	-	143,265
Forest Hills Public Schools	21,269,422	6.00000	127,617	-	127,617
Kent Intermediate School District	46,747,195	2.32265	108,575	-	108,575
Grand Rapids Community College	46,747,195	0.89325	41,754	-	41,754
Caledonia Community Schools:					
Operating	23,877,573	3.50000	83,571	-	83,571
Other	23,877,573	9.00000	214,898	-	214,898
Forest Hills Public Schools:					
Operating	22,869,622	3.80000	86,904	-	86,904
Other	22,869,622	8.97120	215,893	-	215,893
Cascade Charter Township:	46,747,195				
Operating		0.48580	22,709	-	22,709
Fire		0.65760	30,741	-	30,741
Police		0.23815	11,130	-	11,130
Library		0.19410	9,073	-	9,073
Pathways		0.19925	9,312	-	9,312
Tax administration fees			12,501	-	12,501
<b>Total Industrial Facilities (P.A. 198) New</b>			<b>\$ 1,262,713</b>	<b>\$ -</b>	<b>\$ 1,262,713</b>

\* Current collections include ad valorem and abated taxes collected for and distributed to the Cascade Charter Township Downtown Development Authority. The following amounts were withheld from the various taxing units and remitted to the DDA:

Kent County	\$ 260,662
Kent District Library	42,846
Grand Rapids Community College	87,610
Cascade Charter Township:	
Operating	47,305
Fire	64,035
Police	23,190
Library	18,901
Pathways	19,402
<b>Total DDA capture</b>	<b>\$ 563,951</b>

Hungerford, Aldrin,  
Nichols & Carter, P.C.  

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C P A s AND CONSULTANTS

May 14, 2007

The Township Board  
Cascade Charter Township  
Kent County, Michigan

The following comments pertain to our audit of the financial records of Cascade Charter Township as of and for the year ended December 31, 2006. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected misstatements (passed audit adjustments).

The communications specified by the Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the Township's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of the Cascade Charter Township.

### **Auditors Responsibility Under Generally Accepted Auditing Standards**

We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We are required by GAAS to obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed. The purpose of the audit was to report on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected.

### **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Cascade Charter Township are described in Note A of the Notes to Basic Financial Statements.

### **Difficulties Encountered In Performing The Audit**

We encountered no significant difficulties in auditing the records of the Township for the year ended December 31, 2006. Township accounting personnel in both the Clerk's and Treasurer's departments are maintaining a timely, accurate and efficient record keeping system.

### **Significant Audit Adjustments**

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements. The adjustments required were those typically made in prior years as a part of the audit process. These adjustments have been entered into the Township's computer accounting system by Township accounting personnel to bring Township records into agreement with audited balances.

#### **General Fund**

1. \$1,436,971 to record taxes receivable and deferred revenue from the 2006 Township winter tax roll at year end.
2. \$57,322 to record interest earned in the Tax Account in 2006 due to the General Fund at year end.

#### **Fire Fund**

1. \$1,797,962 to record taxes receivable and deferred revenue from the 2006 Township winter tax roll at year end.
2. \$21,248 to correct the inter-fund allocation of DDA property taxes withheld from the 2005 tax roll.

#### **Police Fund**

1. \$651,104 to record taxes receivable and deferred revenue from the 2006 Township winter tax roll at year end.

Library Fund

1. \$530,665 to record taxes receivable and deferred revenue from the 2006 Township winter tax roll at year end.

DDA Fund

1. \$412,372 to record taxes receivable and deferred revenue from the 2006 Township winter tax roll at year end.

Pathways Fund

1. \$544,743 to record taxes receivable and deferred revenue from the 2006 Township winter tax roll at year end.

Dam Major Repair Fund

1. \$23,157 to record accounts payable at year end.

There were no adjustments proposed during the audit not recorded by Cascade Charter Township.

**Suggestions And Recommendations**

We offered suggestions and recommendations regarding the day-to-day operations of the Township computer and accounting systems to the Manager, Clerk, Treasurer, and accounting personnel of the Township as the topics arose during the course of our audit field work. Hopefully, these suggestions will improve the operations of the Township and assist in more efficient monthly and year end financial record keeping and reporting.

\* \* \* \* \*

This communication is intended solely for the information and use of the Cascade Charter Township Board of Trustees, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to the Cascade Charter Township and hope to continue to do so in the future. We also appreciate the dedication and cooperation of the Township Manager, Clerk, Treasurer and accounting personnel in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communication, we will be happy to address them.

*Hungerford, Alden, Nichols & Horton, P.C.*

Certified Public Accountants

Hungerford, Aldrin,  
Nichols & Carter, P.C.  

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CPAs AND CONSULTANTS

May 14, 2007

To The Township Board  
Cascade Charter Township  
2865 Thornhills Drive SE  
Grand Rapids, MI 49546

We have audited the financial statements of Cascade Charter Township as of and for the year ended December 31, 2006 and have issued our report thereon dated May 14, 2007.

The management of Cascade Charter Township is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

In planning and performing our audit of the financial statements of Cascade Charter Township as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered Cascade Charter Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control:

- Inadequate documentation of the components of internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness:

- Employees or management who lack the qualifications and training to fulfill their assigned functions; i.e. the lack of knowledge and skills present to apply Generally Accepted Accounting Principles (GAAP) in preparing the Township's financial statements.

This communication is intended solely for the information and use of management, the Township Board, others within the organization, and the Michigan Department of Treasury. It is not intended to be and should not be used by anyone other than these specified parties.

*Hungerford, Alden, Nichols & Austin, P.C.*

Certified Public Accountants